



**Aeon Thana Sinsap (Thailand) Public Company Limited**

**56-1 ONE REPORT 2021/2022**

**For the year ended February 28, 2022**

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## FY2021 Highlights

Customer Base		Member and Branch Network
Credit Card	3.07 million cards	101 branches nationwide
Member Card	6.34 million cards	389 ATMs
Total Card	9.41 million cards	More than 6,328 dealer shops

Fiscal Year	2019	2020	2021
	As of February 29, 2020	As of February 28, 2021	As of February 28, 2022
<b>Financial Status (Million Baht)</b>			
Total assets	95,396	87,389	90,469
Accounts receivable	90,232	87,433	91,028
Allowance for doubtful accounts	3,962	11,593	10,951
Total liabilities	74,271	70,009	70,205
Borrowings and debentures	69,437	62,710	65,418
Total shareholders' equity	21,125	17,380	20,264
<b>Financial Results (Million Baht)</b>			
Total revenues	23,301	21,302	20,791
Operating and administrative expense	9,091	8,144	7,671
Directors and managements' remuneration	172	159	161
Expected credit loss	6,646	6,210	6,629
Finance cost	2,209	2,096	1,745
Other expenses	26	46	11
Operating income	5,144	4,647	4,574
Net income	3,975	3,690	3,553
Non-controlling interest	145	(10)	21
<b>Financial Ratios</b>			
Book value per share (Baht)	82.9	68.2	79.6
Net income per share (Baht)	15.9	14.76	14.21
Return on assets	4.4%	4.0%	4.0%
Return on equity	20.5%	19.5%	19.2%
Dividend Payout Ratio	31.4%	30.5%	36.2%

## **Milestone over the Year**

### **March 2021**

- The Company starts the operation of life and non-life insurance brokerage business by offering Face-to-Face insurance at AEON branches and Tele-Marketing insurance to increase efficiency and reduce operation cost by following digitalization planning since March 1, 2021 onward.
- The Company entered into a joint venture agreement holding 18% of total shares together with BSS Holding Company Limited and Humanica Public Company Limited to incorporate a joint venture company under the name of “Rabbit Cash Company Limited” to penetrate the Digital Lending market. The Company could contributed debt collection expertise of this joint venture that will lead to successful business expansion in the future.
- The Company has cooperated with new business partners such as Lazada and Foodpanda, the international E-Commerce platform, together with many other leading brands such as Shopee, Grab Food, Café Amazon, McDonald’s, Maxvalu Supermarket, Maxvalu Tanjai and AEON Pet Shop through the “AEON 365 DAYS PRIVILEGES” campaign, the customers are able to get privileges through AEON THAI MOBILE Application during March 1, 2021 - February 28, 2022, to increase online business opportunities and convenience for customers.

### **June 2021**

The company has utilized e-Service for acquisition process by verify customers’ identity through biometric technology (eKYC) under BOT’s regulatory sandbox. The customers could apply credit and loans via Tablet at 20 AEON Branches nationwide (Bangkok and vicinity 16 Branches and Upcountry 4 Branches). The credit approved has inquired process information from National Credit Bureaus (NCB) by using Face recognition technology.

### **August 2021**

The Company launched “Cardless Transfer via PromptPay” a cardless cash withdrawal by transferring credit limit to customer’s PromptPay account, this service enables customers to easily receive and transfers money, using citizen ID or mobile phone number through AEON THAI MOBILE Application.

### **November 2021**

The Company launched “Happy Loan”, a Digital Lending with fixed installments. Customers can easily request for credit financial without prove of income or salary slip but using an alternative customer data such as billing to electric or water to apply for loan via AEON THAI MOBILE Application.

### **December 2021**

The company migrated plastic member cards to Digital YourCash for customers who have been using AEON THAI MOBILE Application. Customers can withdraw cash via AEON THAI MOBILE Application by scanning QR Code at AEON ATM and KBank ATM or transfer funds from their credit lines to PromptPay account.

### **February 2022**

The Company launched “AEON Wellness Platinum Card”. A card fits into lifestyle of health, which offer discount up to 15% when spending for services at Praram 9 Hospital, Phyathai Hospital Group and Paolo Hospital, Kasemrad Hospital Group, Thonburi Hospital and W9 Wellness Center, a health care center that covers all needs, including services at Let’s Relax Spa.

## **Message from the Management**

For the 2021 fiscal year, businesses have been continuously faced with volatility and uncertainties resulting from the COVID-19 situation from the previous year, which has directly and indirectly impacted the people's socio-economic well-being. However, this situation has rapidly changed customer's behavior and lifestyles by facilitating smartphones and contactless technology via online communication and payment transaction which has become a part of daily life. The company has also improved its operations and services in line with the challenges of the digital era.

The Thai economy in the fiscal year 2021 expanded by 1.6% (y-y), recovering from a contraction of 6.2% from previous year, due to an increase of export and private consumption, as well as an expansion of government investment. In addition, the domestic tourism sector also improved due largely to the fact that the government continued to relax its disease prevention and control measures. However, in December 2021, Thailand faced a new wave of the COVID-19 epidemic and the Russia-Ukraine conflict occurred in early March, 2022 that brought about a surge in oil prices along with the rise of global inflation.

In terms of Thai retail finance, the credit card business continued to face the impact from the pandemic resulting in a decrease of card spending in the first half of 2021. However, the Company has shifted its strategies through online channels in order to encourage credit card spending, and has introduced marketing campaigns with its business partners by providing appropriate products and digitizing the services with the customers' convenience, rapidity and safety in mind.

In the fiscal year of 2021, the Company's consolidated revenues were 20,791 million baht, decreased by 2% from the previous year. The decreased revenues due to the COVID-19 and politics in Myanmar as well as the Bank of Thailand cut the ceiling rates of interest rates on credit card from 18% to 16% per annum and personal loan from 28% to 25% per annum since August last year. In addition, the trading volume increased by 5% and the Company also has revenues from bad debt recovery continued growing by 16% y-y. In 2021, The Company reported consolidated net profit of 3,553 million baht, decreased by 4% y-y or EPS of 14.21 baht per share. For separate net profit of 4,133 million baht increased by 8% y-y respectively. In addition, the operating and administrative expenses and other expenses were 7,844 million baht, decreasing by 6% y-y. The decreased operating and administrative expenses were mainly from the reduction of personal expense by 3%, transportation expense by 30%, marketing expense by 14% and premises' expenses by 11% respectively. The company average financial cost also decreased from last year to 2.41% while the expected credit loss (ECL) increased by 7% due to loans portfolio expansion by 4% from the last fiscal year, resulted in a ROE at 19.2% and ROA at 4.0%.

We are continuously improving the efficiency of internal workflows in our organization to increase efficiency and reduce operation costs as follows.

1. Collaborating back office operations through the Shared Service Center in Human Resource and Administration Departments to improve operational efficiency and integrated resources within the AEON group.
2. Shifting offline service platforms to E-service systems such as electronic know-your-customer (e-KYC) function, electronic payment invoice receipt service (E-statement) and credit card applications through AEON THAI MOBILE Application to reduce operation costs and become paperless.
3. Integrating a debt collection system process in the second phase and developing our Data Centralization. The new collection platform will improve efficiency and flexibility of debt management which reduces the ratio of delinquent receivables as well as supporting online operation platforms during the COVID-19 pandemic.
4. Implementing Artificial Intelligence (AI) on scoring models and offering promotions to increase customer engagement.

In terms of marketing strategies, we have focused on expanding our customer base to all target groups and providing appropriate products and digitizing our services to serve customers' daily lifestyles:

- Transferring the insurance brokerage business from AEON Insurance service (Thailand) Co., Ltd. to AEON Thana Sinsap (Thailand) Public Company Limited to improve efficiency and reduce operation costs by cross-selling on a digitalization platform.
- Entering into a Joint Venture Agreement with BSS Holding Company Limited and Humanica Public Company Limited under "Rabbit Cash Company Limited", to penetrate the digital lending market, with the Company holding 18% of the total shares.
- Launching the "Cardless Transfer via PromptPay", this cash loans service facilitates customers by transferring their credit limit to PromptPay accounts through the AEON THAI MOBILE Application.
- Launching "Happy Loan", a Digital Lending service and installment payment which utilizes alternative data of customers without the need of salary slips for approval of loans.
- Launching "AEON Wellness Platinum Card", a card that elevates life and health balance together with exclusive privileges of up to 15% discount at participated Hospitals and Pharmacy.

We have maintained our focus on the expansion of businesses in the Mekong Region (CLM) but the CLM has continued to be affected by the COVID-19 situation and political turmoil in Myanmar. Total revenues from overseas subsidiaries were 1,281 million baht, representing 6% of the Company's total revenues.

#### **Business Plan for 2022**

The fiscal year 2022 marks the thirtieth year since the establishment of AEON Thana Sinsap (Thailand) PLC. We are facing several challenges from both internal and external factors such as the global economy, inflation, conflict in Eastern Europe and several waves of COVID-19 infections in Thailand.

However, our long experience and the fact that we have fostered organizational strength and complied with the standards of corporate governance have proven to be beneficial. Our management policy aims to achieve sustainable business growth and shareholder returns toward value chain transformation and new network platforms.

- With specific focus on Sustainable Development Goals “SDGs”, we conduct our business fully realizing the importance of social responsibility and environmental impacts with the goal of reducing environmental impacts and using resources efficiently. One example is in transforming plastic cards to electronic cards and becoming paperless. In addition, office spaces have been renovated to be clean, safe, and flexible as well as to increase work efficiency.
- Plan to launch a new credit card with a leading commerce platform, to increase more online platform for customers and expand our customer base.
- Develop electronic know-your-customer function or (e-KYC) function via the AEON THAI MOBILE Application and AEON branches to increase the efficiency rate of credit approval.
- Digitalize operation platform on AEON virtual card via AEON mobile app to facilitate the customer lifestyles.
- Comply with the standard of Personal Data Protection Act 2019 (PDPA), the regulation of personal data protection included in the organization, internal and external data which will be effective on May 31, 2022,
- Conduct risk management to ascertain business risk and build a corporate structure to respond to unforeseen circumstances such as natural disasters, pandemics and IT risks.

With our commitment to sustain business development, we recognize the importance of ethical business operations and responsibilities to society and environment. The Board of Directors has reviewed our corporate governance principles and risk issues on a regular basis including other policies such as corruption prevention policy, no gift policy, anti-money laundering and counter financing of terrorism policy. These policies have been communicated across the board, from directors to management and all staff. Our emphasis is based firmly on integrity, business ethics and transparency in our business operations in order to achieve a long term and sustainable growth.

Finally, we wish to offer our sincere thanks and appreciation to our shareholders, customers, business partners, employees and all stakeholders for their continued support. We continue to be fully committed to the standards of corporate governance in order to achieve sustainable growth this year and in the years to come.

# 1

## **Business operation and operating results**

## **1. Organizational structure and operation of the group of companies**

### **1.1 Policy and business overview**

#### **Company Background**

On September 18, 1992, the Company was established by AEON Financial Service Co. Ltd. (formerly AEON Credit Service Co. Ltd.) under the name of the Thai Credit Service Company Limited with an initial registered capital of 1 Million Baht and a paid-up capital of 250,000 Baht. In December 1992, the Company started a hire purchase business by first joining with Japanese department stores operating in Thailand and changing its name to Siam NCS Company Limited with its registered capital increased to 10 Million Baht and paid-up capital of 5 Million Baht. In October 1994, The Company changed its name again to AEON Thana Sinsap (Thailand) Company Limited.

AEON Financial Service Co. Ltd., (AEON Financial Service), the major shareholder of the Company, was listed in the 1st section on the Tokyo Stock Exchange, which is a holding company. Currently provides financial services including credit cards, personal loans and other services. On April 1, 2019, AEON Financial Service has completed its group restructuring in order to allow its financial service business to be carried out in full scale and with greater efficiency.

AEON Financial Service has also expanded its business to other Asia countries including Hong Kong, Thailand, Malaysia, Philippines, Indonesia, China, Vietnam, Cambodia, India, Laos and Myanmar.

The financial services business in each region will focus on consumers in that area. Hence, these businesses will have no conflict of interest.



**Business Policy**

The corporate mission of the company all along is to constantly benefit our cardholders through a variety of financial services. The company have operated business under a philosophy of management groups of Japan and across Asia by giving cardholders financial opportunities for spending in everyday life through financial services that provide the most benefits, focus on customer needs as well as raise the standard of financial service.

**Vision**

The Company supports customer's daily living in Thailand and Mekong region by providing finance service which is necessary for their life

**Mission**

We have defined our mission to earn customers trust in the financial services and adhering to a strict code of corporate ethics and engaging in activities that conserve the environment and contribute to the society.

**Goal**

The Company aims to provide financial services with greater convenience and satisfaction to our customers and member stores. This will lead to the Company's becoming a leading retail finance company in Thailand as well as in neighboring countries in the future. Moreover, in order to achieve this goal, the Company plans to expand its customer base and its service network in all areas in order to achieve the goal.

Regarding to the life and non-life insurance businesses, the Company aims to provide insurance advice offering the best advantage to our customers with various types of insurance services.

In terms of the debt collection service, we aim to provide our customers with the best satisfaction through our standardized and efficient services together with the expansion of our customer base, which will result in our becoming the leading debt collection service business in the future.

## Procedures for the Company's vision, mission and strategies specification.

The Company's board of directors reviews and approves the vision, mission and the strategies of the Company with the affiliated companies annually (Policy Meeting). The meeting's purpose is to drive the Company's business in the same direction based on the stakeholders' expectations. Afterward, the board will specify the procedure of the Company's management strategies accordant with the current situation of the business. In order to achieve the Company's mission, the Middle-level Managers will then plan for the work plan, budget plan, and KPIs plan to propose to the Company's board of directors. Ultimately, the employees will build the same comprehension and work in line with the Company's Vision, Mission, and strategic plans through the internal communication. The following results will be proposed to the board of directors to consider rectifying the strategic plans with the parent company in Japan quarterly.

## Major changes and developments

### Major changes and developments over the past 3 years

After the Company became a Public Company Limited it changed its par value from 10 Baht to 5 Baht and increased its registered capital from 200 Million Baht to 250 Million Baht by issuing 10,000,000 ordinary shares designated for the public and its employees in the amount of 9,800,000 shares and 200,000 shares respectively, and additionally, it became a listed company on the Stock Exchange of Thailand in December 2001. Also, in 2004, the company cut its par value from 5 Baht to 1 Baht per share.

2019	January	The Company launched AEON Instant Card service for credit card and member card at our branches nationwide which the process to approved card is within 1 hour after that the customers can use credit card and Aeon member card to purchase, installment loan or Your cash services immediately.
	June	<ul style="list-style-type: none"> <li>The Company expanded the cash withdrawal service "Cardless Cash Advance" in order to facilitate customers, whereby they can use "AEON THAI MOBILE Application" then scan QR Code at AEONTS ATMs to withdraw cash.</li> <li>The Company expanded more service by accept a payment with Debit Card Local Scheme (TPN&amp;ITMX) through EDC in order to support a payment by Debit Card issued by banks in others country.</li> </ul>
	August	The Company expands a used car hire purchase business services area to up country cover 16 provinces.
	September	<ul style="list-style-type: none"> <li>The Company cooperated with Visa International (Thailand) Company Limited, leading sports brands, fitness centers, Muay Thai gyms, golf courses and football pitch operators to launch Visa Olympic Themed Card, which offering special privileges for sports lovers and health enthusiasts. The card benefits include 4 times per month free access to leading fitness clubs, yoga classes and Muay Thai gyms as well as receive up to 30% discount at participating fitness clubs, golf clubs and football pitches.</li> <li>The Company launched Motorcycle Big Bike Hire Purchase loan, partnered with 6 leading brands of motorcycle such as Honda, Yamaha, Kawasaki, Suzuki, Triumph and Royal Enfield which cover more than 200 dealers nationwide.</li> </ul>
	November	<ul style="list-style-type: none"> <li>The Company launched Digital YourCash, which is a new category of our personal loan service that launched a cardless withdrawal. A credit line of a virtual account which customers can withdraw cash through our AEON THAI MOBILE Application and scan QR Code at ATMs of AEON and KBank.</li> </ul>

		<ul style="list-style-type: none"> <li>The Company issued two tranches of debentures for Private Placement to institutional investors at the amount up to 3,000 million baht comprise; Tranche (1) Debenture term is 3 years with fixed interest rate at 2.27% per annum Tranche (2) Debenture term is 5 years and fixed interest rate 2.57% per annum, to support new loans expansion.</li> </ul>
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2020	January	The Company opened a new branch platform as the first flagship store at Central World shopping center. This raised our services to a digital platform that has facilitated our customers by performing their own transactions through our virtual teller machine (VTM).
	February	The Company expanded more service channels for our dealers by developing the I-Dealer System to facilitate the credit approval process of installment loans.
	March	The Company has cooperated with new business partners, Shopee and Grab Food which are the leader in online platform with high potential, together with many other leading brands such as Café Amazon, McDonald's, Maxvalu Supermarket, Maxvalu Tanjai and AEON Pet Shop through the "AEON 365 Days of Happiness Every Time You Spend" campaign, the customers able to get privileges through AEON Thai Mobile Application during March 1, 2020 – February 28, 2021, in order to increase online business opportunities and also increase the convenience for customers.
	July	The Company cooperated with Big C Supercenter Public Company Limited and launched the Big C World Mastercard Credit Card, under the slogan "The best credit card @ Big C " which benefits include up to 10% discount for Big C shopping online and 7% discount including the electrical appliances department at Big C stores. From the issuance of this new card will expand the customer base for the company and provide the best privileges for shopping at Big C.
	August	The Bank of Thailand changed the ceiling interest and fee rates for credit card from 18% per annum to 16% per annum and personal loans under supervision from 28% per annum to 25% per annum for new loans and existing loans with outstanding balance as of August 1, 2020 onwards (except for existing installment loans, to hold the same interest rate until the end of the contract.)
	September	The company has added the acquiring service for accepting payments by Local Scheme (Contact & Contactless) credit cards through EDC machines to support JCB credit card payments issued by banks in various countries also in Japan.
	October	<ul style="list-style-type: none"> <li>The Company cooperated with Bangkok Smartcard System Company Limited (BSS) and launched the AEON Rabbit Platinum Credit Card, under the slogan " The Credit Card for Digital Life ", the card solution for new normal lifestyle to provide 2 privileges from AEON and Rabbit especially travel by BTS by provide 5% cash back when top up to rabbit wallet (Auto Top-Up) or payment via Rabbit Line Pay channel and give 3% cash back when shopping online from 1,000 Baht and up/receipt</li> <li>The company added Cardless Installment and Full payment for credit card as well as Cardless Installment for member cards. Customers can use AEON THAI MOBILE Application to scan QR code on EDCs at AEON member merchants.</li> </ul>
	November	<ul style="list-style-type: none"> <li>The company added Cardless Cash Advance to increase customer convenience whereby they can use AEON THAI MOBILE Application to</li> </ul>

		<p>scan QR code at AEON ATMs or KBank ATMs to withdraw cash.</p> <ul style="list-style-type: none"> <li>The company launched a premium virtual member card called “Digital Yourcash A” for customers who earn Baht 30,000 per month or higher with an annual interest rate of 22%. Customers can use AEON THAI MOBILE Application to cash out at AEON ATMs or KBank ATMs or purchase with an installment plan at AEON merchants by scanning QR code.</li> <li>Digital Your Cash-A is new loan service through AEON Thai Mobile Application which can withdraw cash and pay installments for goods / services without cards with special interest rate only 22% per annum.</li> </ul>
	December	<p>The company, in collaboration with UnionPay International Company Limited, launched a new credit card called “AEON-UnionPay Platinum”. Card benefits include 3% cashback when spending in China, Hong Kong, Macau and Taiwan as well as 1% cashback when spending in Thailand. Customers can also do Cardless cash advance at AEON ATMs in addition to making purchases at merchants that carry the UnionPay symbol.</p>

2021	February	<p>The company expanded the cash withdrawal services “Cardless Cash Advance” to cover Counter Service at 7-Eleven to increase convenience for credit cardholders whereby they can make a transaction via IVR system to receive an OTP via SMS that they can present at Counter Service at 7-Eleven.</p>
	March	<ul style="list-style-type: none"> <li>The company operates non-life &amp; life insurance brokerage business of Face-to-Face Insurance at AEON Branches and Tele-Sales that was transferred from AEON Insurance Service (Thailand) since 1 March 2021 onwards.</li> <li>Co-partner with new partner (Lazada and foodpanda) for 365 days privileges, customer get 100 THB discount when purchasing through AEON Credit Card* by download discount code via AEON THAI MOBILE application during Mar 01, 2021 – Feb 28, 2022.</li> </ul>
	June	<ul style="list-style-type: none"> <li>The Company changed the form of AEON member whereby all new customers will receive Digital YourCash instead of plastic cards. The virtual account can be used to withdraw cash via AEON Thai Mobile Application by scanning QR Code at AEON ATM and KBank ATM.</li> <li>The company expanded e-Service for acquisition process to verify customers (eKYC) by using biometric technology under BOT’s regulatory sandbox for apply credit and loans via Tablet at 20 AEON Branches nationwide (Bangkok and vicinity 16 Branches and Upcountry 4 Branches). The approval process gathering information from National Credit Bureaus (NCB), Identity verification and authentication through Customers Biometrics to match with photos by using Face recognition technology to offer convenience, shorten operation process and provide the secure for the customers.</li> </ul>
	August	<ul style="list-style-type: none"> <li>The company introduced a new cardless cash withdrawal channel called “Cardless Transfer via PromptPay” to increase convenience for credit cardholders as well as Digital YourCash and Digital YourCash-A members. Customers simply login to AEON THAI MOBILE Application, select their national ID number or phone number that linked to a PromptPay account, and instantly transfer from their credit line to the designated account.”</li> <li>The company got permission from Bank of Thailand to expand scope of test biometric technology under BOT’s regulatory sandbox from Bank of Thailand from 20 Branches to 50 Branches (Bangkok and Vicinity 29 Branches and Upcountry 21 Branches).</li> </ul>

	September	The company operates non-life & life insurance brokerage business of Motor Insurance and Corporate Insurance that was transferred from AEON Insurance Service (Thailand) since 1 September 2021 onwards.
	November	The Company launched Happy Loan, a digital loan with fixed installments. Customers can provide alternative data such as utility bills (water/electricity), monthly phone bills, monthly internet bills, insurance bills, etc. as part of their loan application. Customers can withdraw cash via “AEON THAI MOBILE Application” by scanning QR Code at AEON ATM and KBank ATM.
	December	The company migrated plastic member cards to Digital YourCash for customers who have been using AEON Thai Mobile Application. Customers can withdraw cash via AEON Thai Mobile Application by scanning QR Code at AEON ATM and KBank ATM or transfer funds from their credit lines to a PromptPay account.

2022	January	The company got permission from Bank of Thailand to expand scope of test biometric technology under BOT's regulatory sandbox from Bank of Thailand from 50 Branches to 85 Branches (Bangkok and Vicinity 30 Branches and Upcountry 55 Branches).
	February	<ul style="list-style-type: none"> <li>The company got permission from Bank of Thailand to expand scope of testing biometric technology under BOT's regulatory sandbox to mobile application platform (e-Service) for customer apply credit cards and loans through customers' device and customer can process e-KYC with NDID (National Digital ID) by using Public IDP service through the commercial bank which customer already eKYC. And customer also provide additional supporting document through e-Service application by More-Doc feature to shorten process for customer.</li> <li>The Company launched new segmentation Credit Card “AEON Wellness Platinum Credit Card”, which aim for customer who are health conscious and looking for their wellbeing. This credit card offers various of privileges: 5% cashback when spending at hospital, 3% cashback at pharmacy, 1% cashback for insurance premiums, discount up to 15% or exclusively privileges at participated hospitals, pharmacy, wellness center and spa*, discount 10% for ambulance service* and every 0.1% of spending amount will be donated to “The Thai Red Cross Society”.</li> </ul>

As of February 28, 2022, the Company has a total of 101 branches, of which 30 branches are in Bangkok and the vicinity while the remaining 71 branches are distributed nationwide (Please see details of the branches in Properties to be used for business operation). Moreover, the Company has 6,328 Electronic Data Capture machines at hypermarkets and dealers to facilitate the clients. There are also 389 ATMs located in Bangkok and provincial areas.

### **Regulatory changes that impact business operation.**

Bank of Thailand notification No. SorNorSor.13/2560 and No. SorNorSor. 15/2560 were issued to improve regulations, procedures, and conditions for conducting credit card and personal loan under supervision business on July 17, 2017, and became effective on September 1, 2017 and announcement of measures to help small debtors affected by covid-19 phase 2 on June 19, 2020, and became effective on August 1, 2020 The changes are as follows:

#### **1. Credit card loan**

- 1.1) Establish credit limits based on their monthly income as deemed appropriate for their debt repayment capability for credit card applicant.
  - Credit limit must not exceed 1.5 times of monthly income for applicants earning less than 30,000 Baht.
  - Credit limit must not exceed 3.0 times of monthly income for applicants earning more than 30,000 Baht but less than 50,000 Baht.
  - Credit limit must not exceed 5.0 times of monthly income for applicants earning 50,000 Baht or more.
- 1.2) Credit card interest rate reduced from 18% to 16% per annum.

#### **2. Personal loan under supervision**

- 2.1) Establish credit limits based on their monthly income as deemed appropriate for their debt repayment capability for personal loan applicants.
  - Credit limited must not exceed 1.5 times of monthly income and shall not obtain personal loan from more than three providers for applicants earning less than 30,000 baht per month.
  - Credit limit must not exceed 5.0 times of monthly income with no limitation on number of loan providers for applicants earning more than 30,000 baht per month.
- 2.2) Personal loan interest rate reduced from 28% to 25% per annum.

### **Credit Relief Measures to affected customer from the impact of COVID-19.**

A coronavirus (COVID-19) pandemic started in early 2020 in Thailand and countries of the Group companies operate. It clearly affects overall Thailand and global economy, including the Company and the Group's employees, customers, business partners and business operations.

In order to mitigate the impacts, the Company provides supports to customers as the relief measurement for loan to affected customer from the impact of COVID-19, following to the Bank of Thailand's the relief measurement to help debtors from the Thai economic situation, by reducing minimum payment rates for credit card and personal loan and providing grace period for principal and interest according to conditions and terms specified by the Company.

### **Credit relief measures to relieve impacts of the COVID-19 phase 2**

At the end of February 2020, the Company has implemented the 2<sup>nd</sup> phase of financial relief measures to assist customers impacted by the COVID-19 as the following key principle:

- 1) Reduced interest rate ceilings of credit card and personal loans to be in line with Bank of Thailand's measurement.
- 2) Increased revolving credit line of credit card and loans under the supervision and instalment loans for borrowers with a monthly income of less than 30,000 baht who need more credit limit and consistently have good debt-servicing record. Expanding credit line from 1.5 to 2 times of income per month was temporarily effective until December 31, 2021. ( Effective August 1, 2020 )
- 3) Furthermore, the 2<sup>nd</sup> phase of minimum measures to postpone and reduce debt repayment burdens to assist customers effective July 1, 2020. The relaxation of payment for customers impacted by COVID-19 who were not yet classified as NPL such as reduction of minimum payment, restructuring agreement of short-term to long-term borrowings, instalment reduction, principal or debt moratorium and debt reduction etc.
- 4) Debt restructuring with considering debt-servicing ability for borrowers' burden alleviation such as extending repayment periods, transforming from short-term borrowing to long-term borrowing, suspending instalment repayment, reducing interest rates etc.

**Credit relief measures to relieve impacts of the COVID-19 in Y2021**

In Y2021, the company has continuously extended Relief Measures to support customer impacted Covid-19 pandemic as following

- 1) Extended period of the relief program to support customer impacted on Covid19 pandemic for Credit Card and Loans under supervision products which is revolving loan by changing to be Term Loan. This is also included lower minimum payment ratio and Grace period of Principal and Interest
- 2) Reduced monthly installment amount for Motorcycle and Used Car Hire Purchase
- 3) Extended period the increased revolving credit line of credit card and loans under supervision and installment loans for borrowers with an average monthly income of less than 30,000 baht who need more credit limit and consistently have good debt servicing record. Expanding credit line from 1.5 to 2.0 times of average income per month was temporarily effective until December 31, 2022

In Y2021, the company has supported the customer impacted on Covid19 pandemic by relief measures program of Grace period of Principal and Interest, changing revolving loan to be term loan and reduced monthly installment amount for Motorcycle and Used car Hire purchase loan approx. 6,700 Million Baht or 8% of total outstanding balance

## 1.2 Nature of Business

### Income Structure

#### Overview of the company's business

The Company's principal business activity is the provider of a variety of retail finance services, including credit card, personal loan, hire purchase and others. The core business, which generated most revenues for the Company in the past year, is credit card and personal loan business, representing 31% and 50% of total revenues, respectively, while the hire purchase business represented 5% of total revenues.

As of February 28, 2022, the Company has active customers more than 2 million IDs per month. Meanwhile, the number of issued cards was 9.7 million including 3.29 million credit cards and 6.46 million member cards.

For branch development network, the Company has 101 branches nationwide and AEON Lounge totally 11 locations to enhanced convenience for the customer who holds AEON Gold and/or platinum card. In addition, the Company has 6,328 active dealers. Also, the Company has 389 ATMs located in Bangkok and provincial areas.

#### Income Structure (Consolidated)

Fiscal Year	2019			2020			2021		
Business	Amount (MB)	%	Growth %	Amount (MB)	%	Growth %	Amount (MB)	%	Growth %
1.Credit Card	7,529	32	1	6,451	30	(14)	6,462	31	0.2
2.Loan	12,065	52	13	11,121	52	(8)	10,367	50	(7)
3.Hire Purchase	754	3	75	1,014	5	35	1,073	5	6
4.Commission income	531	3	4	510	3	(4)	682	3	34
5.Collection service income	268	1	1	246	1	(8)	210	1	(15)
6.Others	2,154	9	77	1,960	9	(9)	1,997	10	2
<b>Total</b>	<b>23,301</b>	<b>100</b>	<b>13</b>	<b>21,302</b>	<b>100</b>	<b>(9)</b>	<b>20,791</b>	<b>100</b>	<b>(2)</b>

Notes: - For the fiscal year ended on the end of February of each year.



## Product information

### Product information of each business line

#### Retail Finance Business

##### Nature of Service

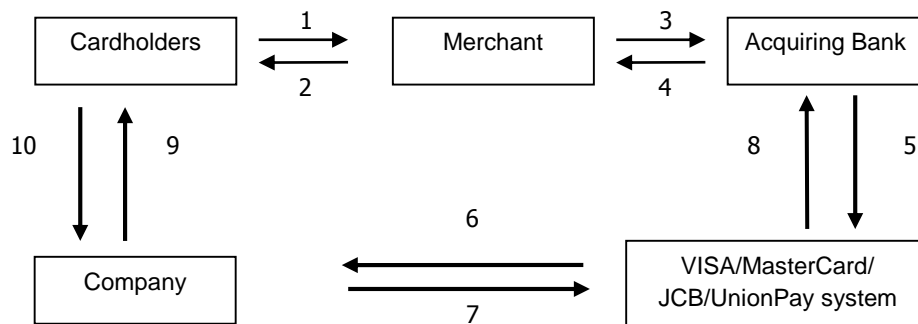
##### 1) Credit Card

The Company provides two types of services as follows:

##### (a) Credit Purchase

Customer who uses the Company's credit card to purchase goods or services at merchant that accepts the payment by VISA, MasterCard, and JCB and UnionPay card.

The picture show servicing of buying products via credit card.

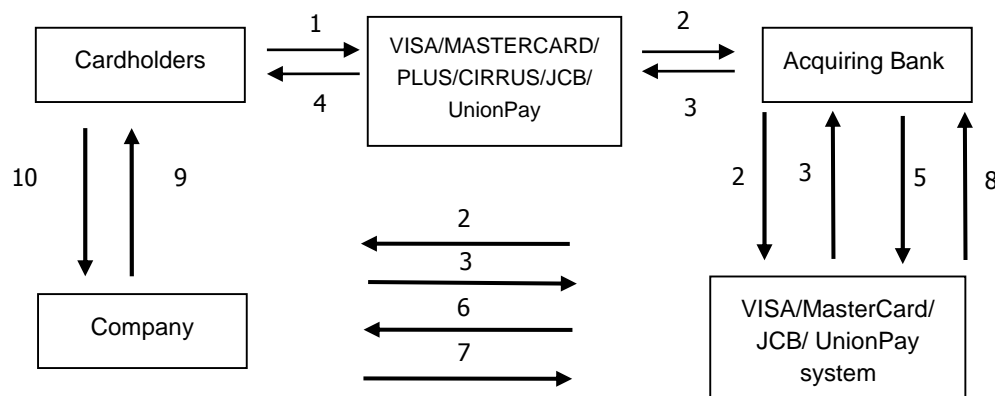


- ( 1 ) Cardholder request payment by credit card for goods and services
- ( 2 ) Goods or services received
- ( 3 ) Sending the sales slip or sales data to Acquiring Bank
- ( 4 ) Acquiring Bank pay amount of goods and services to merchant
- ( 5 ) Acquiring Bank settlement amount through VISA / MasterCard / JCB / UnionPay system
- ( 6 ) VISA / MasterCard / JCB / UnionPay system settlement amount through the Company
- ( 7 ) The Company pay settlement amount
- ( 8 ) VISA / MasterCard / JCB/ UnionPay system pay amount to Acquiring Bank
- ( 9 ) The Company send payment advice to the cardholder
- ( 10 ) Payment made by the cardholder

## (b) Cash Advance

Besides credit purchase, the Company's credit card member can also makes cash advance at branches or through the Company's cash dispensing machine. The Company has ATMs located in Bangkok, its vicinity, and provincial area. In addition, AEON credit card holders are able to withdraw cash advance from ATM machines of other banks under the network VISA/MASTERCARD/PLUS/CIRRUS/JCB and UnionPay from both domestic and international ATMs.

The diagram below depicts Cash Advance

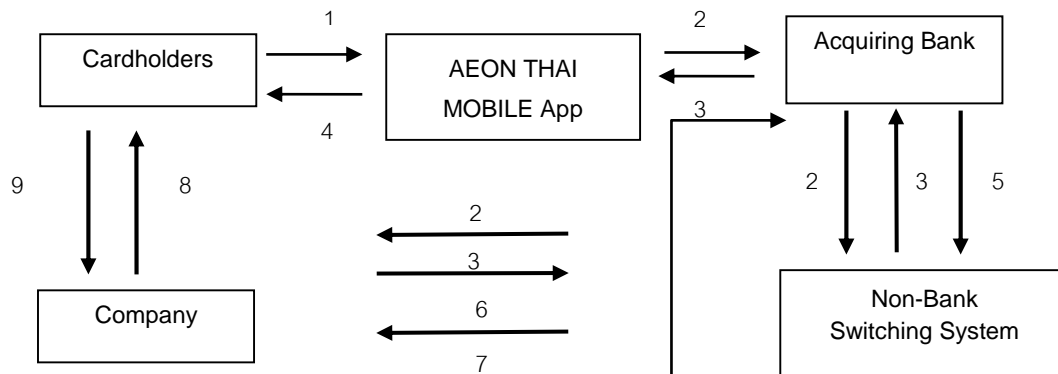


- ( 1 ) Cardholder insert card into cash dispensing machine with sign VISA/MASTERCARD/PLUS/CIRRUS/JCB/ UnionPay
- ( 2 ) Transaction has been sent through Acquiring, VISA/MASTERCARD/PLUS/CIRRUS/JCB/ UnionPay system to the Company, checking the cardholder's credit limit available
- ( 3 ) The Company sending the approval
- ( 4 ) Cash has been dispense to cardholder
- ( 5 ) Acquiring Bank settlement amount through VISA/MASTERCARD/PLUS/CIRRUS/JCB/ UnionPay
- ( 6 ) VISA/MASTERCARD/PLUS/CIRRUS/JCB/ UnionPay -system settlement amount through the Company
- ( 7 ) The Company pay settlement amount
- ( 8 ) VISA/MASTERCARD/PLUS/CIRRUS/JCB/ UnionPay system pay amount to Acquiring Bank
- ( 9 ) The Company sent payment advice to the cardholder
- ( 10 ) Payment made by the cardholder

## (c) Cardless Cash Advance

In addition to normal cash advance transactions, customers can do Cardless withdrawal by using “AEON THAI MOBILE Application” to scan QR code at AEON ATMs or KBank ATMs

The diagram below depicts Cardless Cash Advance

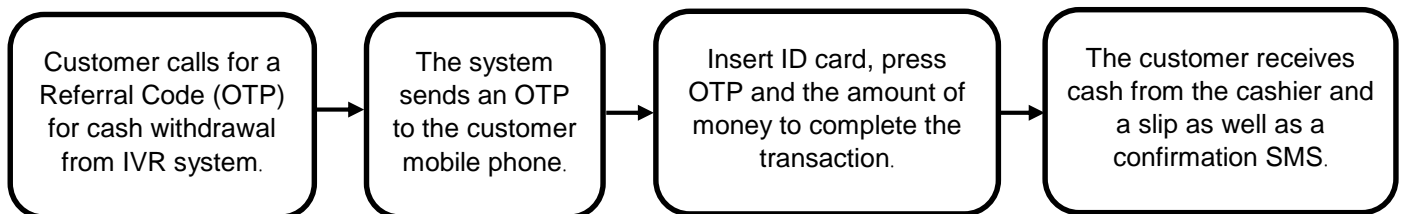


- (1) Cardholder logs in and selects “Cardless Cashing” via AEON THAI MOBILE App.
- (2) The company checks the remaining balance of the cardholder.
- (3) The non-bank switching system sends a transaction approval.
- (4) The cardholder receives cash through the ATMs.
- (5) The acquiring bank sends a payment transaction through the non-bank switching system
- (6) The non-bank switching system sends transactions through the payment system to the card issuer.
- (7) The company makes a payment based on the collection transaction to the card acquiring bank.
- (8) The company sends a bill to the cardholder.
- (9) The cardholder makes payment to the company.

(d) Cardless Cash Advance @Counter Service via the IVR system

The company expanded the cash withdrawal service by adding Cardless Cash Advance via Counter Service at 7-Eleven. To increase convenience for credit cardholders, they can make a transaction via the IVR system and receive an OTP via SMS to present at Counter Service at 7-Eleven.

The diagram depicts Cardless Cash Advance at Counter Service via the IVR system



**Credit cards issued by the Company are categorized into two types as follows:**

**1. AEON International Card**

The Company issues the AEON MasterCard, the AEON VISA Card, the AEON JCB Card, AEON UnionPay Card co-branded with MasterCard Worldwide, VISA Worldwide JCB International Company Limited and UnionPay International respectively. MasterCard credit cards, VISA credit cards, JCB credit cards and UnionPay Credit Card can be used at member stores located worldwide. In addition to the Company's cash dispensing machines, cardholders can use the AEON MasterCard, the AEON VISA Card, the AEON JCB Card and AEON UnionPay Card for cash advances via the VISA/MasterCard/PLUS/CIRRUS and JCB networks worldwide.

**2. AEON International Co-branded Cards**

The co-branded credit cards which the Company issues with other companies in several businesses, which are the AEON Royal Orchid Plus World Mastercard, the AEON Royal Orchid Plus Platinum Card, the AEON Club Thailand Card, the B-Quik Card, the AEON M Gen Visa Card, the AEON J-Premier Platinum Card, the Big C World Mastercard, the BigC platinum Visa, the AEON Rabbit Platinum, the Big C Exclusive Card Co-branded cards provide additional exclusive privileges for cardholders.

**As at February 28, 2022, AEON Co-branded Cards are as follows:**

<b>Card Name</b>	<b>Co-Branded Company</b>	<b>Sector</b>
AEON Royal Orchid Plus World Mastercard	Thai Airways International PCL Mastercard (Thailand) Co., Ltd	National Carrier Business Credit Card
AEON Royal Orchid Plus Platinum Card	Thai Airways International PCL	National Carrier
Big C World Mastercard Card Big C Platinum payWave Card	Big C Supercenter PCL	Retail business
AEON J-Premier Platinum Card	JCB International (Thailand) Co., Ltd	Business Credit Card
AEON M Gen Visa Card	Major Cineplex Group PLC.	Cinema and Entertainment
B-Quik VISA Card	B-Quik Co, Ltd	Auto parts Service provider
Club Thailand VISA/MasterCard/JCB	Atlas Trading and Properties Co, Ltd	Card Servicing business
AEON Rabbit Platinum Card	Bangkok Smartcard System Company Limited (BSS)	E-Money

The Company offer special privilege to AEON cardholders under the campaign “365 Days Privilege of AEON Credit card” with potential online partners such as; Lazada and Shopee, get 100 baht discount when spending 500 baht (exclude delivery cost) while Foodpanda and GrabFood, get 100 baht discount when spending 300 baht (exclude delivery cost). Furthermore, company also co-operate with other potential partners ex. McDonald’s, Maxvalu Supermarket and Maxvalu Tanjai as well as organizing campaigns cash back and privilege when spending via Aeon credit card as specified by the Company.

In the fiscal year of 2021, the Company launched new segmentation Credit Card “AEON Wellness Platinum Credit Card”, which aim for customer who are health conscious and looking for their wellbeing. This credit card offers various of privileges: 5% cashback when spending at hospital, 3% cashback at pharmacy, 1% cashback for insurance premiums, discount up to 15% or exclusively privileges at participated hospitals, pharmacy, wellness center and spa\*, discount 10% for ambulance service\* and every 0.1% of spending amount will be donated to “The Thai Red Cross Society”.

Also, The Company has launched Corporate Card which was card issued to the organization to manage employee expenses. The most of the expenses are travel expenses and entertainment expenses to reduce spending in the wrong way, preventing corruption and also helps organizations manage expenses more efficiently. The customer who uses the Company credit card is a Co-Branded Company and the Japanese Company operating in Thailand.

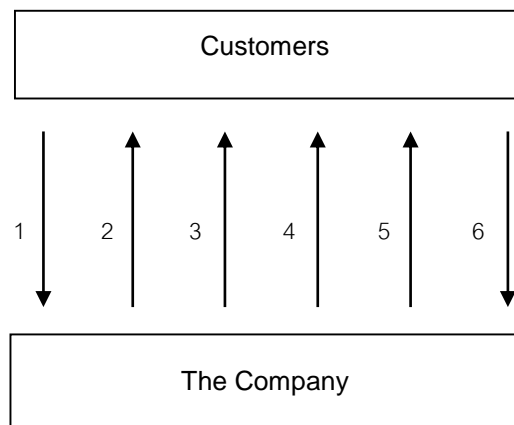
Income from credit cards consists of interest, revolving fees, collection fees and other fees e.g. the annual fee, cash advance fees, merchant discount fees from participating stores and etc.

## 2) Personal Loan

The Company has provided “Your Cash” or a revolving loan service to customers which the customer can withdraw cash or installment payment/service following their credit line.

1. The Company offers cash withdrawal service at AEON and major bank ATM machines, Counter service at all branches of 7-Eleven stores nationwide. Your cash customers can transfer your cash credit line between each other.
2. The Company also offers installment service or AEON Happy Pay service at AEON dealer’s shops.

The picture shows the procedures of Personal Loan business

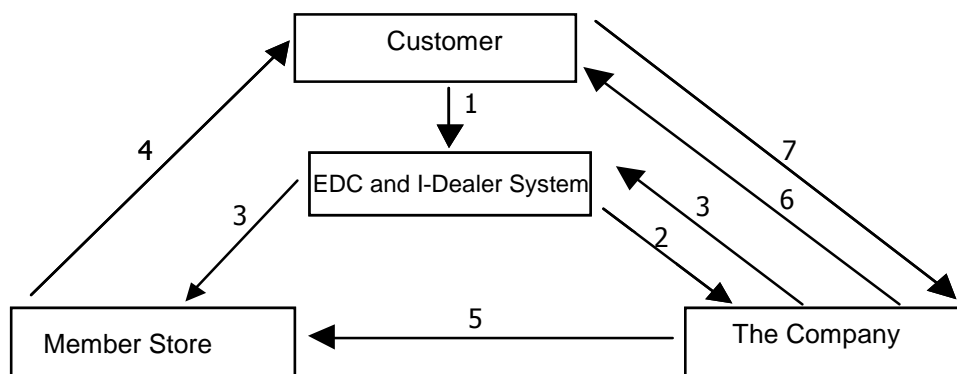


- (1) Application from the customer in demand for cash.
- (2) Data screening and judgment from the customer’s credit status.
- (3) Approval notification.
- (4) The Company hands over loans to the customer who gets credit approval which the customers gain credit line through the credit cards. Also, the customer is also able to withdraw the money from the Company’s Automated Teller Machines or another bank’s Automated Teller Machines.
- (5) Payment advice sent to the customer.
- (6) Payment made by the customer.

Loans are a form of finance for lending cash to customers. The amount will be approved and made available to them in the form of revolving credit (“Your Cash”) through AEON Member Cards. The customers can apply member card at the Company’s office, Card Recruit Booth or AEON online. The Company’s revenues generated from this service comprise the interest received, the minimum payment fee, the handling fees and the penalty fees. The Company also offers AEON Happy Pay service. The customers can buy electrical appliances, gold, home decorative items, office equipment, mobile phones, IT products, etc. and pay for such products by using revolving credit limit through AEON Member Cards. Transactions are processed via EDC machines at over 6,325 AEON dealers’ shops nationwide.

Happy Pay service is installment products and services with revolving loan (“Your Cash”) through AEON Member Card. Which is the transactions are processed via EDC machines and I-Dealer System at AEON dealer’s shops. The customers can choose to pay for products or services by installments based on the available balance on their cards without having to wait for approval in the form of loan agreements. Moreover, this service offers more convenience to dealers’ shops as they will receive payments on the following day. Our dealers no longer need to prepare billing documents the way they did previously for payment by installments.

The picture shows the procedures of Installment Loan business (AEON Happy Pay)

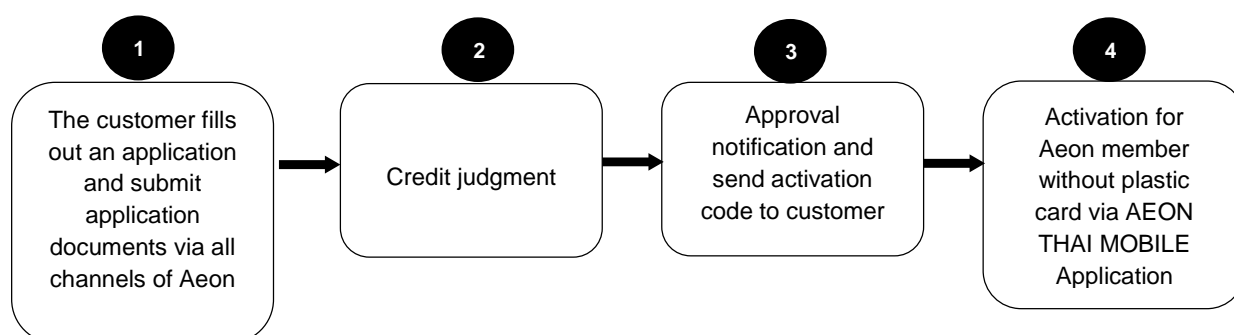


- (1) Credit/Member Card swiping card via EDC or inform customer's information to do transaction via i-Dealer System at member store to buy goods.
- (2) Customer's data sent to the Company for credit judgment.
- (3) Approval notified via EDC or i-Dealer.
- (4) Delivery the goods.
- (5) The Company pay settlement amount.
- (6) Payment advice sent to the customer.
- (7) Payment made by the customer.

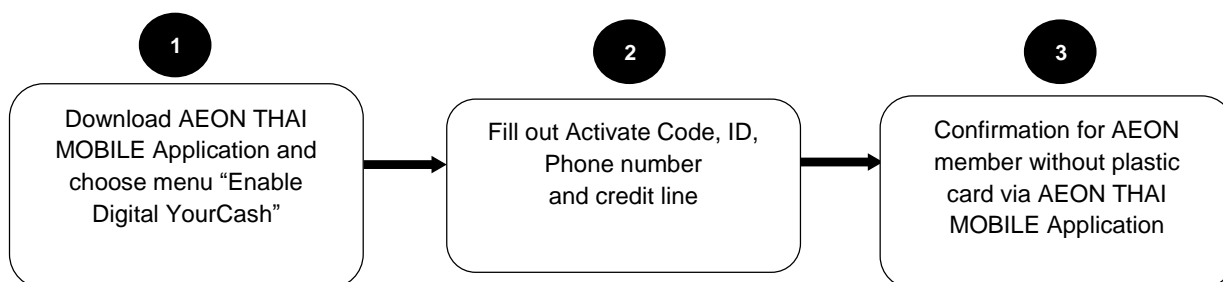
### Personal Loan without the Plastic card (Digital Yourcash) and (Digital Yourcash -A)

The Company provide service “Digital YourCash”, a new type of “Your Cash” revolving loan service that does not require a plastic card for cash withdrawal. The criteria and conditions for approval are the same as those applied to applications for AEON membership cards. Once approved, loans will be made available to customers, allowing them to withdraw cash in the amount approved. The customers can also activate their Digital Yourcash via AEON Thai Mobile Application in order to facilitate our customers; this service offers more convenience and faster service to customers.

The picture shows the procedures of servicing for AEON member without plastic cards. “Digital Yourcash”



The picture shows the procedures of application for AEON member without plastic card via AEON Thai Mobile Application



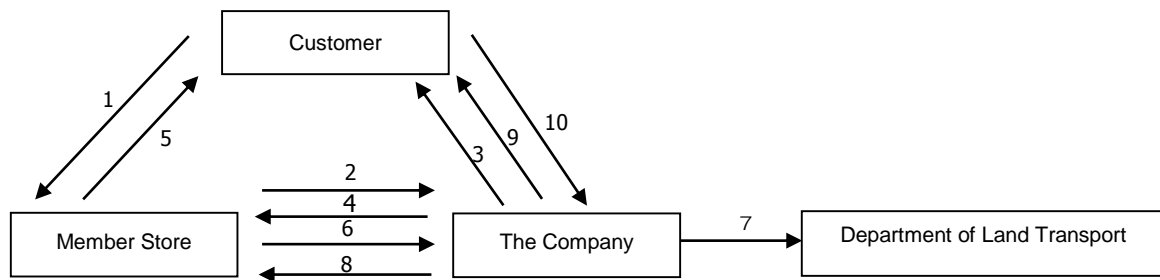
### 3) Motorcycle Hire Purchase

Hire purchase is a form of finance whereby ownership of the merchandise is vested in the Company and the Company hires the merchandise to the borrower for a fixed term which the Company offers from 6 months to 48 months (For motorcycle price less than 150,000 Baht) and from 6 months to 72 months (For motorcycle price more than 150,000 Baht). The ownership of merchandise belong to the Company during the period of hire and when the payment including the condition of the contract already made by the customer. The ownership of the merchandise completely transfer to the customer.

The income generated from this service (hire purchase) includes interest received from installment and collection fees. Once the merchandise is delivered to the customer, the member store will submit the sales slip to the Company and the Company will pay the sales amount to the member store.



The picture shows the procedures of hire purchase business.



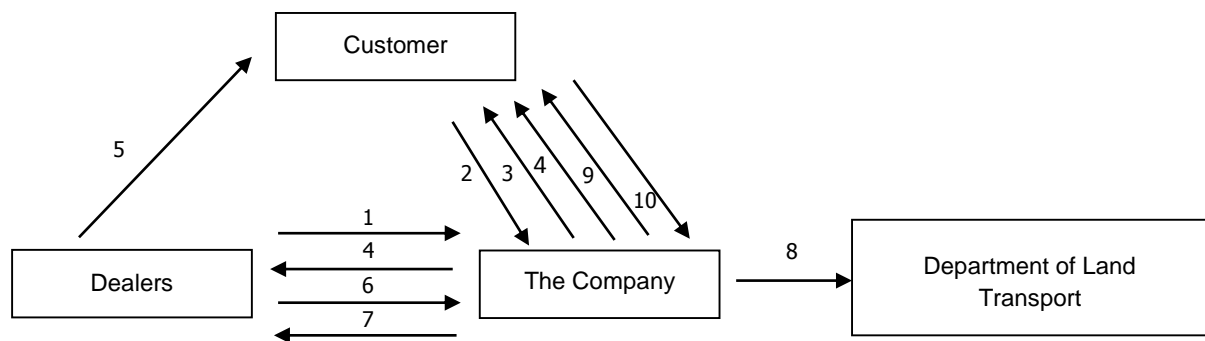
- (1) Application from the customer to buy goods from the member store.
- (2) Member store sent request for credit judgment to the Company.
- (3) Data screening and judgment from customers' credit status.
- (4) Approval notification.
- (5) Deliver the goods
- (6) Sending the settlement form and invoice
- (7) The Company submit registration documents to register at Department of Land Transport
- (8) Product payment from the company to member store
- (9) Payment advice sent to the customer
- (10) Payment made by the customer

#### 4) Used Car Hire Purchase

Hire purchase is a form of used car finance whereby ownership of the merchandise is vested in the Company and the Company hires the merchandise to the borrower for a fixed term at the fixed rate interest which the Company offers, from 24 months to 84 months. The ownership of merchandise belong to the Company during the period of hire and when the payment including the condition of the contract already made by the customer. The ownership of the merchandise completely transfer to the customer.

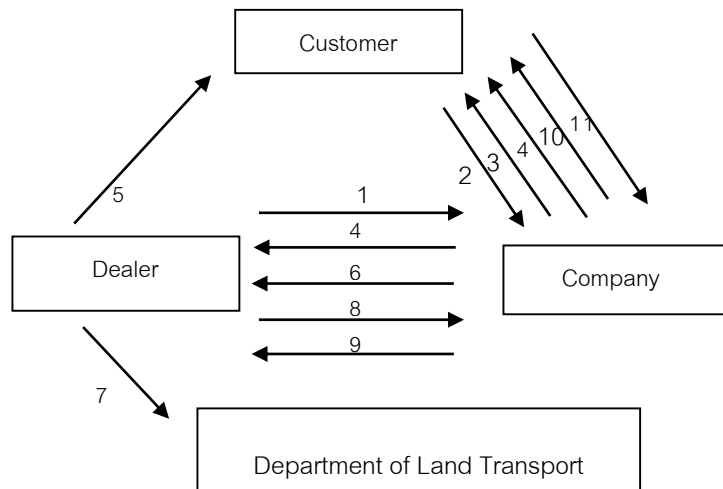
The picture shows the procedures of used car hire purchase.

Bangkok and surrounding areas.



- (1) Used car dealer contacting the company to introduce customers who are interested in hire purchase a car with the company
- (2) The customers submits an application for hire purchase and a hire purchase contract for credit approval.
- (3) The Company examines the qualifications of the customers for credit consideration.
- (4) The Company notifies the results of the credit approval/rejection to the customers and dealers.
- (5) Car dealerships deliver cars to customers who have been approved for credit.
- (6) The dealer sends the car invoice to the company.
- (7) The company pays for the car to dealer.
- (8) The company takes the transfer the ownership at the Department of Land Transport / the local transport office.
- (9) The Company sends an invoice for installment payment to the customer.
- (10) Customers pay installments to the Company.

Up-country areas.



- (1) Used car dealer contacting the company to introduce customers who are interested in hire purchase a car with the company
- (2) The customers submits an application for hire purchase and a hire purchase contract for credit approval.
- (3) The Company examines the qualifications of the customers for credit consideration.
- (4) The Company notifies the results of the credit approval/rejection to the customers and dealers.
- (5) Car dealerships deliver cars to customers who have been approved for credit.
- (6) The company provides documents supporting the transfer of ownership to the dealer.
- (7) The dealer brings the ownership transfer document to transfer the ownership at the Department of Land Transport / Transport office in the area
- (8) The dealer sending invoices along with the registration book with the company
- (9) The company pays for the car to the dealer shop.
- (10) The Company sends an invoice for installment payment to the customer.
- (11) Customers pay installments to the Company.

## 5) Web Business Service

The company provide a variety of online services for AEON card customers to fulfill their online activities through the AEON website ( [www.aeon.co.th](http://www.aeon.co.th) ). Customers can browse company's information, products & services as well as apply for credit cards member by online channel.

### Type of Service

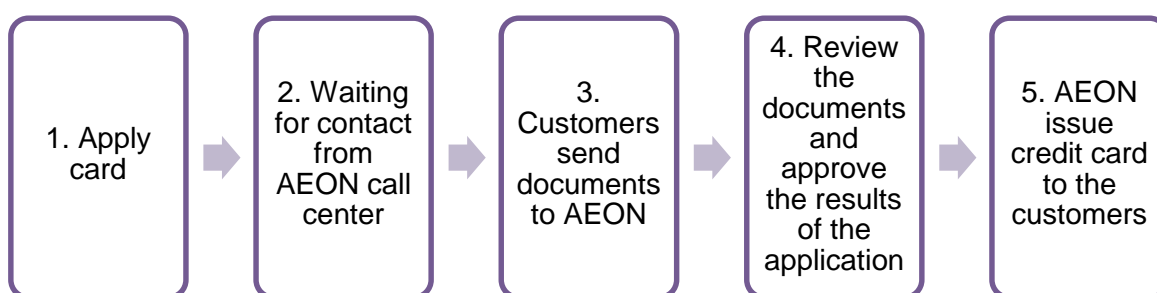
#### 1.) Online services through internet

The Company provides online services for customer through the Internet via our website, [www.aeon.co.th](http://www.aeon.co.th). The online services can be separated into 2 parts:

##### A. Online card application service

Customer can apply for AEON cards online through the Internet in easy 5 steps:

Diagrams of the system and details of servicing.



##### B. Online services for AEON members.

###### - Balance Inquiry

This service provides card spending information includes total credit limit, spending amount, and remaining credit together with agreement numbers specified minimum payment amount and full payment amount. To be easier for customers, all information will be displayed in table format in which customers can manage their monthly expense and ensure that credit usage will not be exceeded.

###### - Unbilled Transaction

This service is appropriate to the members who prefer to view latest transactions that are not yet included in monthly statement. Customers may check details of the expenses and plan their monthly spending through this “Unbilled Activity” service menu.

###### - Happy Plan

“AEON Happy Plan” is an installment program, which can help customers control their spending easily. With this method, customers can select installment program up to 10 months. Customers can choose the period of payment from up to 10 months to suit their lifestyle. AEON Happy Plan turns a big spending into a small thing.

#### **- E-Statement**

Customers can view or download their statements online through our AEON online services in form of HTML format. They are able to check statement history from the past six months. E-Statement can be printed out with bar codes to pay at every payment channel. Customers can choose to receive E-statement via AEON Online Services instead of the payment advice from post mail. It has automatic notifications to the registered e-mail before payment due date cycle.

#### **- AEON Happy Rewards**

AEON Credit Card customers can enjoy special privilege of earning points called Happy Point Rewards. They can view their outstanding point balance and redeem for premium products and services online. Not only instantly redeemed for discount or privileges at participating merchants with instant AEON Happy Reward, but customers can also enjoy the redemption for products and services 24 hours at AEON Online Services. Further, they are able to check Point expiration date or donate to AEON Thailand Foundation by transfer point via AEON Online Services and can check the redemption history for the reference.

#### **- Hold Card Service**

Hold card service is available online for customer, who for any reason, lost their card or got stolen. They can access this service by logging on to AEON online services and provide cardholder identity information to hold the card.

#### **- Changing Profile Service**

This service is available for customers who would like to change their personal information by themselves such as password, Email, Address for payment advice (2 options between sending to workplace address or home address). This feature allows them to do so by logging on to AEON online services without calling the customer service.

#### **- E-Coupon Service**

E-Coupon is electronic coupon providing through AEON THAI MOBILE Application to redeem product and service with participated merchants without printing physical coupon

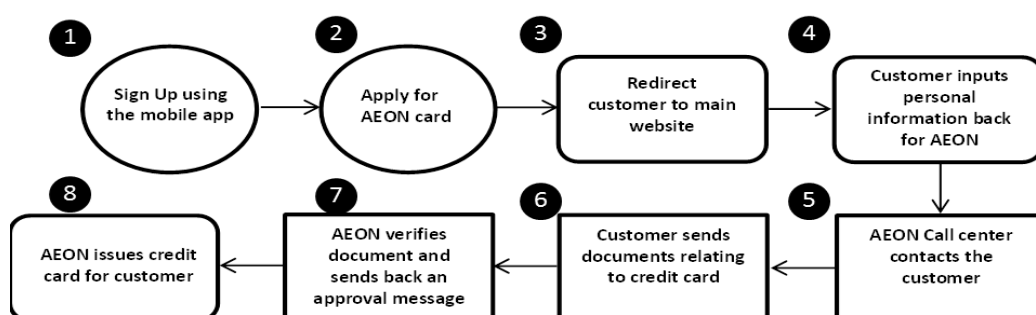
## 2.) AEON MOBILE Application Service

The Company provides online services for customers through mobile application on smart phone name “AEON THAI MOBILE” which can be break down into two types as follows:

### A. Online card application service

Customers can apply for AEON cards through the AEON THAI MOBILE Application in easy steps.

Diagrams of system and details of servicing



### B. AEON THAI MOBILE Service for AEON Members

#### - Balance Inquiry

This service provides card spending information including credit line, spending amount, and remaining balance along with payment history and agreement numbers with minimum payment amount and full payment amount. To facilitate the customers, all information will be displayed by card type so that customers can easily read the information and manage their monthly expenses.

#### - Pay Now

The AEON THAI MOBILE Application is a payment service provided by AEON. The customer can look up a desired statement and choose the one to pay for as well as the payment method. After a successful payment, the payment amount and reference code will be recorded and the account will be credited. A notification will be sent to customer after payment has been paid, the credit line will be back and customers can utilize the credit instantly.

#### - Unbilled Transaction

This service serves customers who would like to view latest transactions that are not yet included in monthly statement. Customers may check details of the expenses and plan their monthly spending through this “Unbilled Activity” service menu.

#### - Happy Plan (Monthly installment)

“AEON Happy Plan” is an installment program, which can help customers control their spending easily. With this method, customers can select installment program up to 10 months.

### - E-Statement

Customers can view or download their statements on their smart phones through AEON mobile app service. They are able to check statement history from the past six months. E-Statement can be viewed with bar codes to pay at every payment channel. Customers can choose to receive E-statement via AEON THAI MOBILE Application instead of the payment advice from post mail. It has automatic notifications to the registered e-mail before payment due date cycle.

### - AEON Happy Rewards

AEON Credit Card customers can enjoy special privilege of earning points called Happy Point Rewards. They can view their outstanding point balance and redeem for premium products and services online. Not only instantly redeemed for discount or privileges at participating merchants with instant AEON Happy Reward, but customers can also enjoy the redemption for products and services 24 hours at AEON THAI MOBILE Application. Further, they are able to check Point expiration date or donate those reward points to AEON Thailand Foundation via AEON's mobile application and can verify the redemption history for the reference.

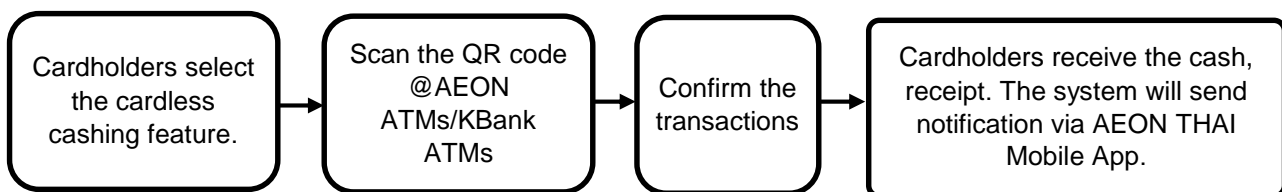
### - News Alert

"News Alert" is an additional channel that communicates promotions that AEON collaborates with merchants to the cardholders. It also provides news and notifications regarding Aeon.

### - Cardless Cashing

"Cardless Cashing" is a cardless withdrawal services that allow AEON member card and AEON credit card (except Corporate card). Cardholders are required to initiate a transaction via AEON THAI MOBILE Application before scanning a QR code that appears on the ATM screen. Cardholders can use either K-ATM or AEON ATMs.

#### Diagrams of Cardless Cashing



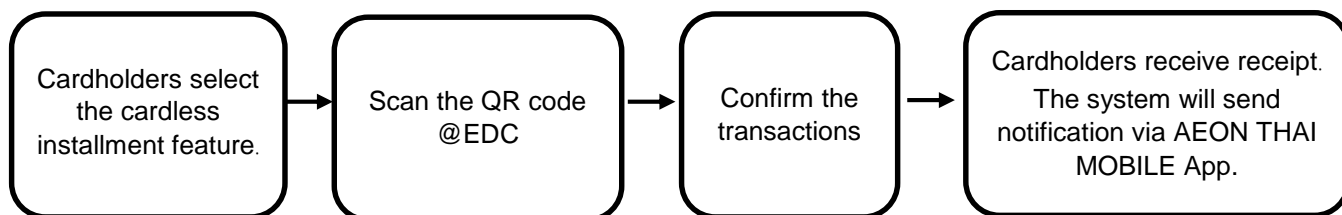
### - E-Coupon Service

E- Coupon is electronic coupon providing through AEON THAI MOBILE Application to redeem product and service with participated merchants without printing physical coupon

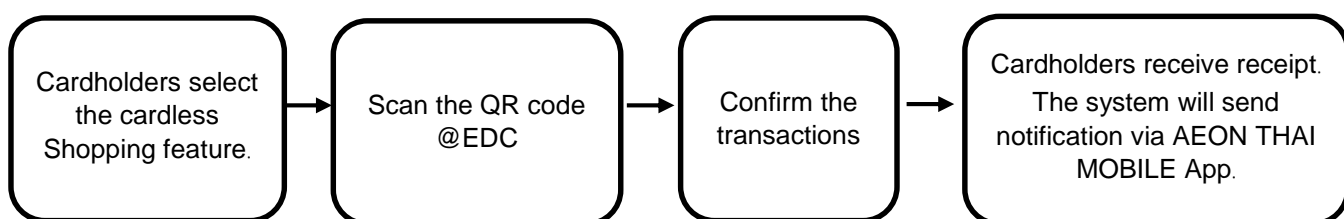
### - Cardless Installment/Shopping

" Cardless Installment/ Shopping " is a cardless payment service for installment plan or full payment. All types of AEON credits (except corporate credit cards) are eligible for installment plan and full payment. Your Cash cards could access the installment plan through AEON THAI MOBILE Application to scan QR Code on EDCs at AEON merchants.

### Diagrams of Cardless Installment



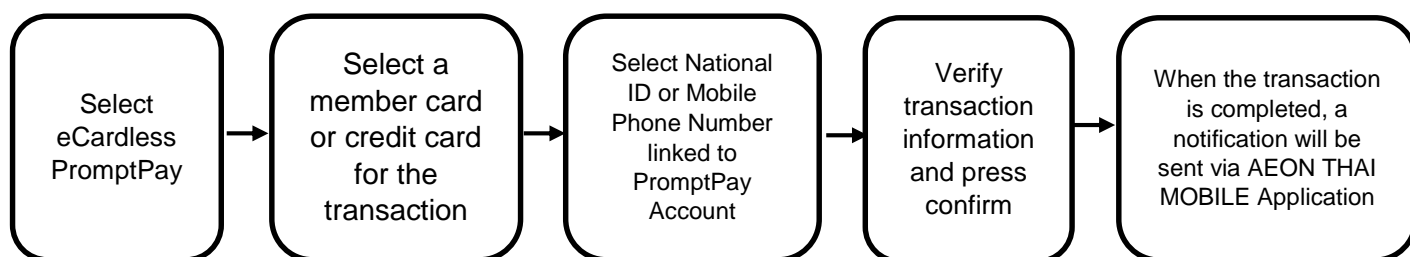
### Diagrams of Cardless Shopping



### **- Cardless Transfer via PromptPay**

"Cardless Transfer via PromptPay" is a cardless cash withdrawal channel for credit cards and member cards whereby funds are transferred from credit lines to PromptPay accounts that are linked to customers' national ID numbers or phone numbers.

### Diagrams of Cardless Transfer via PromptPay





## **6) Debt Collection Service Business**

ACS Servicing (Thailand) Co., Ltd (ACSS) provides debt collection service in line with Debt Collection Act B.E. 2015, Regulations of the Bank of Thailand, “Debt Collection Supervisory Committee” which were enforced on November 21, 2019 and policy & requirements of clients. The collection service of ACSS includes phone collection, field service, and legal service.

Currently, ACSS has more than 900 experienced collection staffs in head office located in Bangkok and 2 collection centers located in Konkean and Hatyai in order to operate debt collection activity to clients. The compensations include collection fee from collected amount and legal fee from legal activities.

ACSS focuses on quality of service by using recording system to all call units, automated notification letter, collection workflow and procedure to ensure each collection activity is complied with our policies and image of clients. Moreover, the company is committed to an information security policy and environmental policy. Our information security policy is complied with a principle of ISMS and ISO/IEC27001 whereas our environmental management policy is certified by ISO14001 from Bureau Veritas Certification (Thailand). These policies apply to all operation sites including head office and collection center nationwide.

## **7) Insurance Brokerage Services Business**

The Insurance brokerage service business is operated by new subsidiary, namely AEON Insurance Service (Thailand) Co. Ltd., which is an amalgamation of two insurance subsidiaries, ACS Insurance Broker (Thailand) Co. Ltd. and ACS Life Insurance Broker (Thailand) Co, Ltd. In March 2013, there are two main services provided non-life insurance brokerage services and life insurance brokerage services via telemarketing and face-to-face sales. The Company also provides a consulting service and gives advice to all kinds of customers (individuals and corporate) in both life and non-life insurance including claim services on behalf of the insured with various insurance products.

The Company has duly obtained approval to carry on the life and non-life insurance broker business from the 2020 Annual General Meeting of Shareholder. The company start the operation of non-life and life insurance brokerage business which is transfer from AEON Insurance Service (Thailand) Co. Ltd., by offering a range of personal accident, life and health insurance product at AEON Branches nationwide and through Tele-Sales since 1 March 2021 onwards and expand the service to provide motor insurance, non-life insurance and group life insurance for employee benefit since 1 September 2021 onwards.

Various insurance products are as follows:

Type of Insurance	Protection
1. Motor Insurance	Cover loss and damage of the insured vehicle, personal injury, death, property of third parties (parties) as well as other coverage as specified in the policy.
2. Compulsory - Delivery	Car insurance is mandatory insurance law required all cars to be insured, to protect and assist victims of the car.
3. Golf Insurance	This is insurance provide in coverage for loss or damage resulting from accident playing golf.
4. Health Insurance	Health insurance provides coverage for medical expenses generally, including benefits of medical expenses.
5. Travel Insurance	Insurance provide in coverage for travel accident.
6. Personal Accident Insurance	Provide coverage for loss or damage from an accident over 24 hours.
7. Fire Insurance	Protect insured properties such as dwelling, furniture, and other assets caused by disasters.
8. SME Insurance	Cover damage to buildings and property of the SME such as restaurant, hotel restaurant, coffee shop, internet cafe, beauty salon and spa.
9. Group Insurance (Employee Benefits)	Cover Group Life & Health Insurance to corporate's employees which is additional from Compensation Fund and Social Security.
10. Individual Life Insurance	Cover death and pay to throw the switch to the beneficiaries as specified in the policy.
11. Marine Cargo Insurance	Provide coverage for loss or damage from accident and capacity for exporters and importers of goods between countries.
12. Miscellaneous Insurance	Such as all risks to direct physical or damage to property insured arising from an external causes, public liability insurance, professional indemnity insurance and etc.

The revenues of this business are mainly from commission income calculated as a percentage of total sales and other income such as service income, advertising and marketing support.

In addition, February 3, 2021, the Board of Directors meeting approved to start the operation of life and non-life insurance brokerage business by offering insurance products to be in line with customer's lifestyle, increase efficiency and reduce operation cost by follow digitalization planning.

## 8) Overseas Business

The company places great emphasis on overseas investments, especially in the CLMV countries, Cambodia, Laos, Myanmar and Vietnam which a group of economic with growth potential, an average rate of 6-7% per year, the most are working population at the age of 20-30 years who have a relatively high demand for financial loans. Therefore, the Company sees it as a great opportunities in expansion to the CLMV countries, thus the affiliates' business is likely to continue growing in the future.

In the midst of economic volatility due to the epidemic COVID-19 situation, the world trade war including the political situation in some countries resulting to CLMV countries' economy has been affected due to the lockdown situation, employment deceleration. The details are as follows:

### (1) Business in Cambodia

AEON Specialized Bank (Cambodia) Plc. ("ASB Cambodia") established in 2011, which is a specialized bank providing credit card, personal loan, hire purchase, and motorcycle hire purchase. The Company holding 50% of its share and 50% owned by AEON Financial Service Co., Ltd. Currently, ASB Cambodia has 12 branches located in Phnom Penh, Stueng Meanchey, Siem Reap, Battambang, AEON Mall Phnom Penh, Kampongcham, Takeo, Banteay Meanchey, Pochentong, Sihanukville, AEON Mall Sen Sok and Chbar Ampov. Moreover, AEON Co., Ltd. (Japan) also has two large shopping center (AEON Mall) in Phnom Penh, which becomes a key factor to support our business.

In 2015, ASB Cambodia obtained the Specialized Bank License from the National Bank of Cambodia, which was the first specialized bank operated credit card business in Cambodia. For fiscal year 2021, ASB Cambodia generated revenues of 1,134 million baht, increased by 0.4% y-y and net profit of 7 million baht, decreased by 59% from previous year. In addition, ASB Cambodia has developed an online application including the credit card business, personal loan, and hire purchase as well as a plan to issue new cards to expand its customer base.

### (2) Business in Myanmar

AEON Microfinance (Myanmar) Co., Ltd. ("AEON Myanmar") starts operating in 2013 with the Company holding 100% of its shares. Currently, there are 5 branches in Yangon and 1 branch in Mandalay, these two are large cities of trading and logistics hub in Myanmar.

For fiscal year 2021, AEON Myanmar was impacted by COVID-19 situation, resulted in lockdown situation, as well as the political situation in the country, this resulted in cessation of lending for new loans. However, the Company continues to pursue outstanding debts. In 2021, AEON Myanmar generated revenue of 325 million baht, decrease by 89% from the previous year. Net loss of 348 million baht.

### (3) Business in Laos

AEON Leasing Service (Lao) Co., Ltd. has operated hire purchase business since 2013 with the investment capital of 100% from AEONTS. For fiscal year 2021, AEON Leasing Service (Lao) Co., Ltd. generated revenues of 113 million baht, decreased by 1% y-y and net profit of 4 million baht, decrease by 41% y-y. In 2021, AEON Leasing Service (Laos) improved its function on online application such as outstanding balance and digital member card to increase more convenience customers.

## **Marketing and Competitive Condition**

### **1) Customer characteristics**

The Company has operated retail finance as a non-bank, which supports customers in terms of financial services diversification. The basic qualifications required for any retail finance customers are to be aged more than 20 years old, to be earning a regular income, possession of a secure job and etc. According to the Labor Force Survey Q4 in December 2021 by the National Statistical Office of Thailand (NSO) at the Ministry of Information and Communication Technology of Thailand, there are working age population or those aged 15 and over were 57.18 million people, 38.63 million were in the total labor force or accounted for the 67.55% (37.90 million people who were employed; 0.10 million were the seasonally inactive labor force; and 0.63 million were unemployed or represented 1.6% of labor force). Mostly, the employed were in the service sector, agricultural sector and production sector at 45%, 33% and 22% of employed people respectively.

In 2021, the Coronavirus outbreak (COVID-19) continuously has negative effect on the revenue of the business and household income sector, resulting in shrinking domestic demand and the decline in the private sector's investment and consumption. However, Commercial Banks and Financial Institutions launched relief measures to assist their customers impacted directly and indirectly by this pandemic. The Company also complies with the Bank of Thailand to provide the relief measurements to assist our customers by reducing minimum payment for credit card and personal loan as well as providing a grace period for all products.

## 2) Competitive Conditions

### Credit Card Competitive Condition

There are many service provider in credit card business mainly consisting of bank and non-bank institutions.

### Credit Card Industry Overview

Thai economy in the fiscal year 2021 expanded by 1.6% (y-y), recovering from a contraction of 6.2% from previous year, that because an increase of export sector and private consumption, as well as an expansion of government investment. In addition, the domestic tourism sector also improved due to the government continued relaxing disease prevention and control measures. However, In December 2021, Thailand faced a new wave of COVID-19 epidemic of the omicron variant. On the other hand, the change in consumer behavior especially in pandemic situation caused more online spending. More online platforms were created as well as payment systems were developed. As a result, credit card payment is convenient way for consumers causing increasing payment amount via online platforms.

At the end of 2021, the total number of credit cards of commercial banks and non-banks increased by 3% or around 0.7 million accounts from the previous year, totaling 24.85 million accounts which is including 12.75 million accounts were from non-banks, increased by 3% y-y and 12.10 million accounts from commercial banks, increased by 3% y-y. Meanwhile, total credit outstanding of commercial banks and non-banks at the end of 2021 amounted to 458.18 billion baht, increase of 2% from the previous year. This included 179.44 billion baht from non-banks, increased by 1% y-y and 278.74 million baht from commercial banks, increased by 2% y-y. The largest portion of the total number of credit cards was mainly from non-banks, representing 51% of the total portfolio. The total credit outstanding from commercial banks was still the largest portion at 61% of the total amount outstanding in 2021.

### Table of the number of Credit Card and Credit Outstanding in Thailand

<b><u>Number of Account (million accounts)</u></b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Commercial Banks	9.67	10.59	11.62	11.73	12.10
Non-Bank	10.67	11.51	12.00	12.43	12.75
<b>Total</b>	<b>20.34</b>	<b>22.10</b>	<b>23.62</b>	<b>24.16</b>	<b>24.85</b>

<b><u>Credit Outstanding (billion baht)</u></b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Commercial Banks	236.03	253.43	279.43	272.92	278.74
Non-Bank	158.09	165.31	177.66	176.81	179.44
<b>Total</b>	<b>394.12</b>	<b>418.74</b>	<b>457.09</b>	<b>449.73</b>	<b>458.18</b>

Source: Bank of Thailand

Note: - 'Total Number of Accounts' refers to the total number of credit cards which the credit card companies issued to customers as at end of the reference month.

- 'Credit Outstanding' refers to the outstanding balance as a result of purchases, accrued interest, fees, and cash advances as at end of the reference month.

### **Credit card industry competition**

According to BOT source, at the end of December 2021, the credit card industry has total cards of 24.85 million cards, increased 3% from previous year, while the Company has total credit card of 3.07 million cards, grew 4% from previous year and shared 12% of total industry credit cards number. The Company's credit card outstanding was 39,324 million baht, increasing from 36,088 million baht or 9% from fiscal year 2020, representing by 9% of industry credit card outstanding.

### **Personal Loan Competitive Condition**

There are many service provider in personal loan business consisting of bank and non-bank institutions

### **Personal Loan Business Overview**

In 2021, the personal loan accounts increased by 10% from 16.96 million accounts in previous year to 18.63 million accounts; 3.79 million accounts were from commercial banks registered in Thailand, increased by 16% y-y and 14.84 million accounts were from non-banks sector, increased by 8% y-y. In addition, total personal loans outstanding of industry at the end of 2021 increased by 30% from the end of the previous year to 707.60 billion baht which can be attributed to commercial banks registered in Thailand constantly at the amount of 310.25 billion baht, increased by 38% y-y and non-banks in the amount of 397.35 billion baht, or increase of 12% y-y. The largest portion of personal loan account and outstanding was mainly from non-banks, representing 80% and 56% of the total portfolio, respectively.

The personal loan business continues to show a steady growing trend as a result of the target group expansion of service providers and the consumers' increasing demand for personal loans. Marketing campaigns and proactive product presentations via online and digital channels are a significant increase. Both commercial banks and non-banks have placed more emphasis on personal loans because this is a big market. They are competing in terms of products, prices, development of service provision channels, and customer out-reach in order to increase market share.

### **Table of the Number of Account and Outstanding of Personal Loan under supervision in Thailand**

<b><u>No. of Account (million accounts)</u></b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Commercial Banks	<b>2.41</b>	<b>2.51</b>	<b>3.61</b>	<b>3.28</b>	<b>3.79</b>
Non-Bank	<b>10.37</b>	<b>10.90</b>	<b>12.61</b>	<b>13.68</b>	<b>14.84</b>
<b>Total</b>	<b>12.78</b>	<b>13.41</b>	<b>16.22</b>	<b>16.96</b>	<b>18.63</b>

<b><u>Personal loan Outstanding (billion baht)</u></b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Commercial Banks	<b>155.61</b>	<b>166.92</b>	<b>254.35</b>	<b>225.33</b>	<b>310.25</b>
Non-Bank	<b>198.69</b>	<b>216.36</b>	<b>325.44</b>	<b>355.13</b>	<b>397.35</b>
<b>Total</b>	<b>354.3</b>	<b>383.28</b>	<b>579.79</b>	<b>580.46</b>	<b>707.60</b>

Source: Bank of Thailand

Note: -Personal loan under supervision refers to uncollateralized personal loans, hire purchases, and leasing loans on goods of which the licensed lenders are usually not in the business of selling. Excluded from this category are Loans for hire purchases and leasing of automobiles and motorcycles, Loans for education, Loans for working abroad, Loans for medical care and Loans pertaining to employee benefits under an agreement between the employers and the lenders.

-Total number of accounts refers to number of account of only personal loan under supervision that is outstanding at the end of month.

-Since February 2019, The Bank of Thailand included the leasing of automobiles and motorcycles back to the Personal loan under supervision category.

### **Personal loan industry competition**

According to BOT source, at the end of December 2021, the personal loan industry reported the total numbers of account of personal loan under supervision amounted to 18.63 million accounts, increased by 10% from the previous year, while the Company has total personal loan account of 2.3 million accounts and shared 11% of total personal loan industry. The Company has personal loan outstanding of 45,695 million baht, increased from 45,332 million baht or 1% from the previous fiscal year shared 6% of the industry.

### **Hire Purchase Competitive Condition**

Car and Motorcycle Hire Purchase business is a form of financial service which is not subject to the supervision of the Bank of Thailand as are banks and finance companies. Currently, the Company focuses on motorcycle hire purchase which the target customers being people of a low to medium income level and with a motorcycle as their principal vehicle. The popular brands are mainly Honda, Yamaha, Suzuki and Kawasaki.

According to the statistics from the Land Transportation Department, the number of newly registered motorcycles was 1.60 million in 2021 increased 6% from 1.52 million

In 2022, the motorcycle market is expected to be stable with minor tendency to grow as major customer target in province area and low prices of agricultural products, moreover with pandemic of COVID- 19 kept spreading, most of Travel and Manufacturer industries which affects consumers' purchasing power especially in tourism destination province. Still, competitive pricing among business operators will go on. New models will be launched and the big-bike market, which so far has enjoyed a steady growth, will be expanded.

Another factor is threats from regulator on control Interest rate Ceiling for Hire Purchase business tentative to effective on 2<sup>nd</sup> Quarter of 2022

### **Used Car Hire Purchase Competitive Condition**

Used car hire purchase business is classified as a form of financial service that is not under the supervision of the Bank of Thailand as with banks and finance companies, the Company currently focuses on providing used car hire purchase. The target customers are ordinary individuals with a middle income level who use a car as a vehicle.

From the past, Covid-19 situation throughout the year 2021 continues to affect as well as the unstable economic situation recovered back to the normal level, the company has always had a policy of giving credit loan with caution and focus on quality lending reduce bad debt and increase the rate of debt collection. In the year 2022, the economic situation it is expected that there will be a moderate recovery. The company try to added electronics for convenience to customers including the use of AI inspection systems to check the condition of the car before considering loan approval in order to ensure that customers are confident in good car condition before hire-purchase. Through the company it is expected that in 2022 the business of providing loans for used car hire purchase will come back gradually consistently improving.

### **Debt Collection Service Business Competitive Condition**

Debt collection business is highly competitive both from large collection company and local collection company. However, ACSS can make the difference in terms of quality of service, Data Security, expertized collector, coverage of collection center in strategic location, and image of clients which all of them are key factor for clients to select outsource collection partner. Moreover, ACSS also have economic of scale from in number of clients in collection service.

### **Insurance Brokerage Services Business Competitive Condition**

Insurance Business was continuously growth for many years. Non-Life Insurance was growth 4% and Life Insurance was growth 2% compare from 2020. Even though the Covid-19 situation, the insurance business trend is still growth due to the awareness of health condition is increase. The Health insurance at Non-Life product was growth 20% from 2020. Also the market trend is change to be online channel and the performance of online business in insurance market growing rapidly. The Company has also adopted a strategy of selling insurance through online via "AEON THAI MOBILE" to increase the efficiency of AEON card holders. In addition, the Company has placed important and emphasized on technology which would be increased sales efficiency. In the part of corporate sales, the Company has earned the trust from many well-known companies including government organization. Moreover, the Company also provides consulting services including claim services too

### **Overseas Business Competitive Condition**

The Company has focused on expanding business overseas, especially to neighbor countries in ASEAN such as Cambodia, Myanmar, Laos and Vietnam which has economic growth potential, average economic growth rate 6-7% per year. Besides, most of population has average age only 20-30 years old, which is working age and has high demand of financial credit service. In addition, the consumers' currently changing lifestyles as well as the integration of ASEAN causing important financial collaboration such as encouraging the use of local currency in payment of goods and services and investment, retail payment link and electronic money transfers across the country are good opportunities for expanding business to these countries and this company group is likely to constantly grow. However, it also attracts more international competitors.



## **Web Business Service Competitive Condition**

Nowadays, the number of Internet users using online services is growing rapidly. As a result, many business sectors have started to focus on online service channel development for their customers on both PC and Smartphone platforms. The development of Smartphone applications has also become a popular trend, where customers can conveniently download and install applications for themselves on their Smartphone. There are numerous online services currently available for customers, such as online member registration, credit card registration, online inquiries and member profile editors. In addition, there is an online payment service where customers can make many types of payment online conveniently and securely.

Regarding the market situation mentioned above, our company aims to become “the financial credit service company with complete digital online solutions”. We are focusing on enhancing and improving an online card acquisition channel and document collection. We will use the campaign management to offer special privileges and services to fit customer needs. Furthermore, we plan to enhance online payment options and adapt cutting-edge technology to create new opportunities serving the online e-commerce market.

### **3) Competitive Strategies**

The Company's competitive strategies consist of:

#### **1. Utilization of Customers' databases**

The Company has established a customer database which classifies their characteristics such as age, gender, occupation etc. The Company uses this information in developing and preparing marketing plans to provide beneficial services and information to increase customer satisfaction.

#### **2. Speedy Service**

The Company has focused on providing speedy financial services to its customers through the use of up-to-date technology. Currently, the Company has implemented Electronic Data Capture (EDC) to enhance speedy credit approval process. The Company also provides a cash advance and cash revolving card service through our ATMs and offers personal loans. Moreover, the customer can apply for credit approval and ask for payment information on the Internet at [www.aeon.co.th](http://www.aeon.co.th) and AEON THAI MOBILE Application

#### **3. Variety of Products**

Increasing the range of new products or services is aimed at maximizing its ability to meet customer needs. The Company's credit card offers 2 of credit types. The first one is credit card which the customers can receive a credit service at any stores with symbols of master card, VISA and JCB and UnionPay which located inside or outside the country including making an installments payment loan transaction via the company website channel, member stores, IVR system and AEON THAI MOBILE Application. Secondly, the customers can use member card make a installments payment loan transaction at any member stores including withdraw cash via Aeon ATMs, participating commercial banks. The company focus on adding benefits for card holder to be more usable especially convenience in use of card in customers daily life.

#### **4. Expansion of Member Stores**

The Company mainly focuses on large retail stores such as supermarkets and department stores. These stores provide consumer goods needed on a daily basis. Also, with respect to member store expansion for credit cards, the Company has issued more international credit cards for the worldwide network spending.

#### **5. Centralization and Nationwide Networks**

The Company has branches and service counters throughout the country. To ensure the same standard of services, the Company has a full centralization center in all regions including the North, Northeast, Central, and South. This not only reduce the operation time and operating costs, but also to increase efficiency in providing a full range of services. Aiming to provide more convenience for cardholders, the Company has installed ATMs nationwide.

#### **4) Pricing Policy**

Policy to set interest rates and other fees for all Company's services depends on the competitive condition in the market in which interest rates and other fees of major competitors are considered as well as in line with the regulations of the Bank of Thailand for credit cards and personal loans under its supervision. In addition, the Company also considers the funding cost and operating costs so that it will not set interest rate and other fees lower than its funding and operating costs.

#### **5) Distribution Channel**

The distribution channels of the Company consist of,

##### **1. Credit Cards' Recruitment Campaign**

The company launches a daily campaign to recruit the customers at several populous areas such as office complexes, shopping centers and department stores. In addition, the company sets up Take-One- Boxes at commercial complexes and member stores for the distribution of the credit card application forms that can be returned by mail and at AEON's branches. Furthermore, Customers are able to apply for credit card and member card via AEON THAI MOBILE Application in order to facilitate customers.

##### **2. Member Stores and Merchants**

The Company has 6,328 member stores for hire purchase services. In addition, the Company's international cardholders can use their credit cards at MasterCard, VISA, and JCB merchants and member stores worldwide.

##### **3. Service Network**

As of February 28, 2022, the Company has provided refined services at 101 branches; 30 branches in Bangkok and 71 branches in the provinces, with more than 6,328 EDC machines installed in several department stores and member dealers for enhancing the speedy processing of hire purchase transactions. In addition, the Company has located 389 ATMs in Bangkok and provincial area.

#### 4. Advertising

The company has the strategy to advertise our product and service such as credit card, personal loan in various media channels both online and offline. The offline or traditional media such as printing, billboard, radio, television are almost drop in current situation that online media has replaced such as Facebook, LINE, Mobile Application and Internet.

The Company has strategic adjustment to more online usage along with the new lifestyle and futuristic.

#### 5. Promotional Activities

The Company regularly arranges promotion campaigns through its own activities and also joins with partnership such as Trade Show, Event & Exhibition to support the promotional activities and direct to the target customer.

### Supply of Products and Services

#### 1. Source of Funds

The Company's source of funds as of February 28, 2022 can be summarized as follows:

Type of credit	Currency	Amount (Million)
<b>Overdraft and Short-term loans</b>	USD	19
	THB	7,941
	LAK	100,816
	MMK	14,598
<b>Current portion of long-term loan and debenture</b>	JPY	2,500
	USD	209
	THB	13,300
<b>Long-term loans and debenture (see risk factors section)</b>	JPY	30,145
	USD	448
	THB	11,973
<b>Shareholders' equity</b>	<b>THB</b>	<b>20,264</b>

*Note: The amounts shown for short-term and long-term loan represented loan outstanding amount, and not net settled by loan issuance cost of 28 million baht and debenture issuance cost of 23 million baht.*

### Securitization

In order to build a strengthen financial structure by reducing debt leverage, enhancing return on equity, reducing funding cost and diversify a new source of long term fund.

The company started the securitization contract under the Receivables Sale and Purchase Agreement since 2004 to 2015.

On March 20, 2015, ATS Rabbit Special Purpose Vehicle Company Limited, has registered as a special purpose company for securitization project under the Civil and Commercial Code of Thailand with a registered capital of Baht 40,000, consisting of 2 preferred shares with a par value of Baht 100 per share and 398 ordinary shares with a par value of Baht 100 per share. The Company invested in ordinary shares and preferred share of ATS Rabbit Special Purpose Vehicle Company Limited in the amount of Baht 19,500. Such company got an approval for the securitization project from the SEC on October 2, 2015

On October 22, 2015, the Company entered into the Receivables Sale and Purchase Agreement with ATS Rabbit Special Purpose Vehicle Company Limited which was registered as a special purpose vehicle company under the Civil and Commercial Code of Thailand for the purpose of implementing or facilitating the securitization in accordance with the securitization projects approved by the Office of the Securities and Exchange Commission of Thailand ("the SEC") on October 2, 2015 for transferred rights,

title, interest and benefits in respect of the Initial Receivables, the Future Receivables and the Additional Receivables on the term of the Agreement.

Under the agreement, the purchase price of the Initial Receivables equal to the net book value of receivables as of October 29, 2015 of Baht 456.08 million. As at October 29, 2015, the Company received cash proceeds of Baht 433.27 million and the remaining balance of Baht 22.81 million were paid by entering into a subordinated loan agreement of Baht 25.04 million. The revolving sale and purchase period of Future Receivables and Additional Receivables commenced from October 30, 2015 and will be terminated in October 2025, approximately.

In addition, ATS Rabbit also appointed the Company to act as the service provider, which is responsible for collection payments from the customers under the Receivable Sale Agreement and Servicing Agreement.

The key financial information of Special Purpose Vehicle Companies for the year ended February 28, 2022 and 2021 are summarized as follows:

ATS Rabbit	2022 000-Baht	2021 000-Baht
<b>Statements of Financial Position</b> As at February 28		
Total assets	2,011,344	1,960,327
Total liabilities	2,011,300	1,960,583
Total shareholders' equity	44	44
<b>Statement of Income</b> For the years ended February 28		
Total income	368,573	408,574
Bad debts and doubtful accounts	144,060	157,482
Other operating expenses	98,949	108,262
Interest expenses	82,040	81,844
Income tax expense	8,729	12,197
Net profit	34,795	48,789

## 2. Credit Limit Approval

The Company has a credit process which covers credit policy, policy disclosure to the operations officer, credit scoring, setting credit criteria, and reviewing credit approval and authorized person for credit approval for enhancing the credit approval standard continually.

### A. Policy of credit limit approval

For the initial qualification of the applicant, they must be at least 20 years old with monthly fixed income, working status and also have contact phone number etc. For credit approval process, the Company focuses on the point whether the customers have the capabilities to go on making repayment in the future.

In addition, to avoid the Company's risk caused by many credit approvals for one customer, the Company grants credit limit amount up to customer's categories based on the qualification of each customer. Those credit granting is controlled by Credit Scoring System. Then, customers' information will be recorded in customer base via on-line computer system linking data with all branches nationwide.

Credit Scoring System is used to evaluate the creditability of the applicants by analyzing their basic information. The information obtained from Credit Scoring will be used as a benchmark for credit control staff to be able to judge the applicants more quickly and appropriately in line with the Company's credit policy. Information such as customer information, payment history etc., will be proved by credit control staff before processing by the system. The system will score each applicant by his or her information. This score grading will be used to calculate the credit limit for each applicant. Subsequently, the credit control staff will compare the credit limit recommended by the system with the credit requested by the applicant in order to conclude whether to approve or refuse that credit applicant.

### B. The main process for approving credit limit

#### 1. Application process for credit services

Our staff or our dealers will initially verify the data in the application and documents to comply with the company policy and the related regulations, and also pre-check the fulfillment and credibility of documents.

#### 2. Data and supporting documents investigating process

The Credit Control staffs start their credit investigating process by firstly checking the correctness of the data on the application, and also check the sufficiency of supporting documents. The Credit

Control staffs will check the customers' information from database in company's computer system and also verify the customer information via appropriate channel. If such information is not clear, staffs will verify their address at home and workplace additionally. Then, the staffs will analyze for the credit limit according to the terms and conditions specifying in the policy of credit approval process including checking credit bureau.

### 3. Credit limit approval process

On this step, processing system plays a role in analyzing data based on the analysis of the staff and then the said system will summarize the maximum credit limit for each applicant in the form of scores or Credit Scoring System, which is an efficient system that can standardize facilitate the staff in approving the limit.

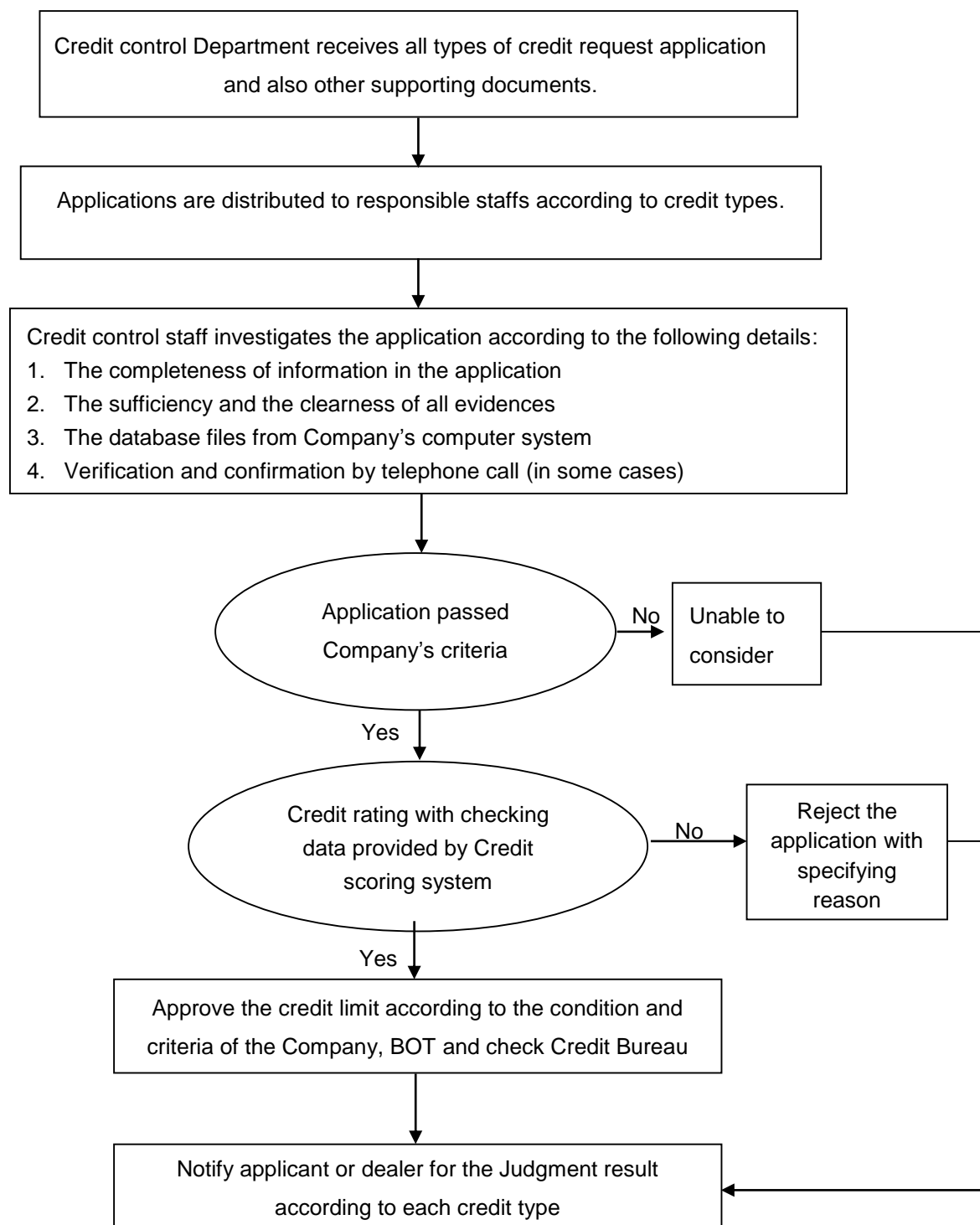
Normally, the Company's approval period depends on types of credit, channel for applying for credit and also types of customers. The Company's members approval period have shorten compared to ew customers as the Company has their information in the database and credit control staff will check only their credit request history, payment history and outstanding and credit available balance.

For credit card, the criterion of cardholder has to comply with Rules, Procedures and Conditions to Undertake Credit Card Business. And for Hire Purchase and Personal Loan approval, the company has to comply with Prescription of Rules, Procedures, and Conditions for Undertaking of Personal Loan Business under Supervision for non-bank following Bank of Thailand's notification. Process after credit approval.

#### 4. Process after the credit approval

After the credit approval, the staff will notify the result to the applicant. Also, the method of notification depends on the type of credit services that the applicant applies for.

##### The scope of credit approval process



## **C. Debt Collection Business**

Regarding to pre-write off account receivable managed under the team which consists of management and staff for totally 1,500 people, the key component in Retail financial service business is debt management that has effective procedure and system in order to manage the debt which can be categorized into 3 main functions as follows:

### **1. Technology**

The Company has implemented one of the most advanced technologies both Hardware and Software with auto dial to manage its customer database in relation to payment behavior and grouping data by collection aging. All customers profiles are available on-line so all collection staff can directly access the database through his/her own computer terminal. In addition, the system enables the management to monitor the collection performance of each staff and each branch all over the country.

### **2. Monitoring and Managing**

The Company has the philosophy of close monitoring and managing the debt by daily and monthly strategy. It examines the collection performance on a daily basis. All databases of collection performance are centralized in each branch and regional center and at the head office. This information is examined and evaluated by the management who is ready to make decisions, support and act to improve and solve problems of collection. In addition, five centralized centers ensure business continuity, operations and performance and act as backup recovery sites among other things.

### **3. Collection Procedure**

The Company has several collection activities. When a debtor starts being default, the collection staffs separated by type of loan and delinquent status, will promptly perform their job. The Company has a large customer base and the number of customers is continuously increasing, therefore, account receivable grouping and number of customers must be related to the number of collection staff in order to ensure that the debt management is efficiently and promptly executed. The principal way is to make phone calls to the debtor. After each call, the collection staff will immediately record information both can contact and cannot contact to customers. The collection staff will be continuously contacting the debtor via telephone as long as he/she can make the contact and will negotiate with the debtor to repay some debt to the Company. If the staff is unable to contact the debtor or the debtor tries to avoid having conversation with the staff or the debtor changes his/ her residence or resigns from their work without notifying the Company, whether or not any of such action has been done purposely, the Company will send the short message and voice message via debtor's mobile telephone or send a survey staff to investigate or check more information of the debtor.

In addition, the Company's collection procedure is carefully implemented under Debt Collection Act, B.E. 2558 (2015), which were enforced on 2<sup>nd</sup> September, 2015 and "Debt Collection Supervisory Committee", no.of time to contact customer for collection activities , which were enforced on 21st, November 2019 and the Company has changed the expenses of Collection fees that under the Debt Collection Supervisory committee regarding the determination of fees or any expenses in debt collection which were enforced on 12<sup>th</sup> September, 2021.

### **4. Customers' payment**

The customer's statements, calculated by the Company, need to be paid within the 2nd of the following month by cash , Company ATMs, commercial bank counters, Mobile Banking Application, Counter Services, mPAY STATIONS, True Partner, Tesco Lotus, BigC or Pay at Post; more than 20,000 counters nationwide. In addition, the payment can be made by post-dated cheque as well as by bank account auto-payment.

For Happy Loan, customer has to pay a monthly installment and the installment period varies from 3 to 48 months depending on the value of the purchased goods or services. The average installment period is 12 months. Monthly installments for Motorcycle hire purchase are 6 to 48 months and Auto Loan maximum installments are 84 months. For personal loans and credit card, the customer may either pay the full balance at one time or make a partial payment, the amount of which will be at least equivalent to the minimum amount fixed by the Company and in line with BOT regulations.



### **3. Liquidity Management Policy**

As the Company's core business is to provide credits to customers, therefore, the Company needs to find sufficient source of funds to be in line with the growth of its loan portfolio. Annually, the Company has to accommodate source of fund in advance according to the Company's forecast prepared by its management. The Company's major source of fund is bank loan in both THB and other currencies.

Moreover, the Company has policy to keep appropriate ratio between short-term and long-term loans and efficiency in management of funding cost. The Company will more diversify on its source of fund in order to manage its fund more efficiently and strengthen working capital. Interest rate is major factor when considering borrowing money from financial institutions. The Company tries to create debt burden with the minimum cost of fund.

## Properties to be used for business operation

### Office

The Company leases the working areas for all business operation including head office, located on 388 Exchange Tower, Sukhumvit Road, Khwaeng Klongtoey, Khet Klongtoey, Bangkok 10110, and 7 operation centers in Bangkok, Chiangmai, Khonkaen, Hat Yai and Sriracha. The details of the office rental location can be summarized as follows:

Office	Location
Head Office	388 Exchange Tower, 26th-27th floor, Sukhumvit Road, Khwaeng Klongtoey, Khet Klongtoey, Bangkok, 10110
Bangkok Center	699 Modernform Tower, 12th, 14th, 16th, 18th-21st Floor, Srinakarin Road, Khwaeng Pattanakarn, Khet Suanluang, Bangkok, 10250
Hatyai Center	599 Moo 1 CP Tower, 1nd-6rd, 5thFloor, Airport-Lopburiramet Road, Kuanglung, Hatyai, Songkhla, 90110
Chiangmai Center	90 Airport Business Park (Tower A) 3rd - 4th Floor, and 92/1 Airport Business Park (Tower B) 3rd Floor, Mahidol Road, Haiya, Muang, Chiangmai, 50100
Khonkaen Center	356/1 Moo 12 CP Tower Khon Kaen, 4th-6th and 8th-10th Floor, Mittraphap Road, Muang Kao, Muang, Khon Kaen, 40000
Sriracha Center	15/79 Moo 4 Natchaya Building, 1st-6th Floor, Sukhumvit Road, Surasak, Sriracha, Chonburi, 20110
Sermmit Center	159/8, 159/11, 159/16, 159/18 sermmitr Tower, 2 <sup>nd</sup> 11 <sup>th</sup> 14 <sup>th</sup> floor, Road (Asok) ,Khwaeng Khlong Toei Nuea, Khet Watthana,Bangkok 10110

In addition, as of February 28, 2022, the Company has a total of 101 branches: 30 branches are in Bangkok and the vicinity, and 71 branches are in provincial area. The details are as follows:

Bangkok and Vicinity Branches (30)	
1. Huamark Town Center	16. Big C Ratchadamri
2. The Mall Lifestore Thapra	17. CentralPraza Pinklao
3. The Mall Bangkapi	18. Market Village Suvarnabhumi
4. Future Park Rangsit	19. The Mall Bangkhae
5. Fashion Island	20. Mega Bangna
6. Lotus's Rangsit	21. Silom Complex
7. Lotus's Laksi	22. Centralworld
8. Big C Saphankwai	23. Maxvalu Laksi
9. The Mall Ngamwongwan	24. CentralPlaza Westgate
10. Lotus's Pathumthani	25. Big C Suksawat
11. Lotus's Navanakorn	26. Big C Bang Phli
12. CentralPlaza Rama 2	27. Big C Rama 4
13. Robinson Samutprakan	28. Robinson Lat Krabang
14. Seacon Square	29. Big C Ratchadaphisek
15. Imperial Samrong	30. Lotus's Srinakarin

Provincial Branches (71)	
31. Airport Business Park (Operation Center)	68. Central Si Racha
32. CentralPlaza Chiangmai Airport	69. Lotus's Ang Thong
33. Big C Lamphun	70. Tops Plaza Sing Buri
34. Lotus's Khamthieng	71. Big C Kalasin
35. CentralPlaza Chiangrai	72. CentralPlaza Khonkaen
36. Big C Lampang	73. Big C Roi Et
37. V-Square Plaza Nakhonsawan	74. Big C Nakhonphanom
38. Lotus's Tak	75. Sunee Tower Ubonratchathani
39. Big C Phetchaboon	76. The Mall Nakhonratchasima
40. Big C Phrae	77. Big C Surin
41. Big C Chiangmai	78. Big C Chaiyaphum
42. Big C Phitsanulok	79. Big C Buriram
43. Big C Kamphaengphet	80. Big C Si Sa Ket
44. Big C Sukhothai	81. Asawann Shopping Complex 1 Nongkhai
45. Lotus's Uttaradit	82. Sermthai Complex Mahasarakham
46. Tops Plaza Phayao	83. Sermthai Complex Mahasarakham
47. Tops Plaza Phichit	84. Big C Mukdahan
48. Big C Nan	85. Big C Loei
49. Big C Lopburi	86. Robinson Sakonnakhon
50. CentralPlaza Rayong	87. CentralFestival Hatyai
51. Robinson Chachoengsao	88. Lotus's Samui
52. Lotus's North Pattaya	89. Big C Hatyai 2
53. Lotus's Amata Nakhon	90. Lotus's Suratthani
54. Big C Chonburi	91. Centralplaza Nakhon Si Thammarat
55. Lotus's Chanthaburi	92. Central Phuket Festival
56. Robinson Prachinburi	93. Robinson Trang
57. Ayutthaya City Park	94. Ocean Complex Chumphon
58. HomePro Nakhonpathom	95. Lotus's Krabi
59. Lotus's Ratchaburi	96. CentralPlaza Suratthani
60. Big C Mahachai	97. Big C Satun
61. Big C Phetchaburi	98. Big C Hatyai (Klonghae)
62. Lotus's Suphanburi	99. P.C.Tower Suratthani (Regional Office)
63. Huahin Maket Village	100. Lotus's Extra Songkhla
64. Robinson Kanchanaburi	101. Lotus's Ranong
65. Big C Samutsongkhram	
66. CentralPlaza Salaya	
67. Robinson Saraburi	

### Other Assets

Apart from the Company's office which is used for business operation, the Company also has other operating assets including office renovation, computers, cash dispensing machines, and office equipment. The net book values of those assets as of February 28, 2022 were summarized as follows:

Items	Cost (Unit:MB)	Accumulated Depreciation (Unit:MB)	Net Book Value (Unit:MB)
Office Renovation			
- Head Office	382	334	48
- Branch Offices	728	629	99
Computers	790	700	90
Cash Dispensing Machines	109	94	15
Other Office Equipment	1,960	1,589	371
<b>Total</b>	<b>3,969</b>	<b>3,346</b>	<b>623</b>

### Accounts Receivable

Accounts receivable is considered as core assets of the Company since the Company's business is to provide various types of loans to the customers. As of February 28, 2022, the Company and subsidiaries had the proportion of net accounts receivable of 89% of the total assets. Net accounts receivable are stated at the outstanding contract price deducted by unearned financing income and allowance for doubtful accounts.

#### Details of the net accounts receivable

Unit: MB	FY2019		FY2020		FY2021	
	Amount	%	Amount	%	Amount	%
Loan receivable	45,643.86	52.91	38,661.51	50.98	39,416.62	49.22
Credit card receivable	35,470.86	41.12	32,037.87	42.24	35,443.55	44.26
Hire purchase receivable	4,989.97	5.78	4,975.30	6.56	5,099.28	6.37
Receivable from rendering the collection service	11.46	0.01	8.96	0.01	15.20	0.02
Receivable from insurance broker business	153.65	0.18	155.70	0.21	101.75	0.13
<b>Total</b>	<b>86,269.80</b>	<b>100.00</b>	<b>75,839.34</b>	<b>100.00</b>	<b>80,076.40</b>	<b>100</b>

### **Revenue Recognition Policy**

- Interest income and fee income from purposed loan, hire-purchase receivable, and credit card receivable and personal loan are recognized on an accrual basis using the effective interest method.
- Commission income is recognized on the issue date of the policy.
- Collection service income is recognized on an accrual basis when service has been provided or upon satisfaction of performance obligations.
- Dividend income is recognized on the date the Company's right to receive payments is established.
- Other income is recognized on an accrual basis.

### **Policy for measurement and recognition of expected credit loss**

The measurement of expected credit loss is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

For financial assets, exposure at default is represented by the asset's gross carrying amount at the reporting date.

For loan commitments, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's and the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group and the Company measure the loss allowance at an amount equal to 12-month ECL at the current reporting date.

### **Policy for Allowance of Doubtful Accounts**

The Company calculated allowance for doubtful accounts on trade receivables based on a collective approach by classifying a group of loans having similar credit risk characteristics and using the historical loss experience including considering macroeconomic factors which might have an effect on the ability to repay the debt of the loan groups, for estimation of allowance for doubtful accounts of each loan group. The Company's allowance for doubtful accounts shall not be less than allowance for doubtful accounts fully provided for all receivables over 3 installments contractually past due in order to comply with the notification of the Office of the Securities and Exchange Commission (the "SEC").

- The Company and subsidiaries have written-off debts that are determined to be irrecoverable.
- Bad debt recovery is recorded as income in the statement of profit or loss when received. (See Note 3.2.2 and 5.4 in the Company Financial Statements).

**Table for allowance for doubtful accounts/allowance for expected credit loss categorized by types of credits**

	<b>FY2019</b> (Unit: Million Baht)	<b>FY2020</b> (Unit: Million Baht)	<b>FY2021</b> (Unit: Million Baht)
<b>Credit Card</b>			
Balance brought forward	1,096.15	1,421.53	4,050.36
Impact of adoption of TFRS 9	-	2,324.08	-
Add Bad debts and doubtful accounts	2,145.11	-	-
Add Expected credit loss	-	911.86	680.82
Less Written-off bad debts	(1,819.73)	(607.11)	(851.02)
Balance carried forward	1,421.53	4,050.36	3,880.17
<b>Hire-Purchase</b>			
Balance brought forward	54.31	196.09	872.38
Impact of adoption of TFRS 9	-	314.09	-
Add Bad debts and doubtful accounts	209.84	-	-
Add Expected credit loss	-	1,793.63	1,914.44
Less Written-off bad debts	(68.06)	(1,431.43)	(1,994.71)
Balance carried forward	196.09	872.38	792.11
<b>Loans</b>			
Balance brought forward	1,728.60	2,343.75	6,670.38
Impact of adoption of TFRS 9	-	4,427.26	-
Add Bad debts and doubtful accounts	4,291.89	-	-
Add Expected credit loss	-	3,923.69	4,397.27
Less Written-off bad debts	(3,676.74)	(4,024.32)	(4,788.87)
Balance carried forward	2,343.75	6,670.38	6,278.79
<b>Collection Service</b>			
Balance brought forward	0.91	0.33	0.10
Impact of adoption of TFRS 9	-	-	-
Add Bad debts and doubtful accounts (reversal)	(0.58)	-	-
Add Expected credit loss	-	(0.23)	0.29
Less Written-off bad debts	-	-	-
Balance carried forward	0.33	0.10	0.39
<b>Total</b>	<b>3,961.70</b>	<b>11,593.22</b>	<b>10,951.46</b>

### Policy for investments in subsidiary and affiliated companies

As of February 28, 2022, the Company has investments in subsidiaries, associate and related companies, as follows:

Companies	Relationship	Types of Business	Proportion of Investment (%)	Amount of Investment (Baht)
1. ATS Rabbit Special Purpose Vehicle Company Limited.*	Subsidiary	Special Purpose Vehicles Co.	48.75	19,500
2. ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)	Subsidiary	Non-life and life insurance broker	100.00	149,224,316
3. ACS Servicing (Thailand) Co.,Ltd.	Subsidiary	Collection servicer	100.00	175,349,088
4. AEON Specialized Bank (Cambodia) Plc. **	Subsidiary	Retail finance business in Cambodia	50.00	323,580,000
5. AEON Microfinance (Myanmar) Co.,Ltd.	Subsidiary	Retail finance business in Myanmar	100.00	455,403,307
6. AEON Leasing Service (Lao) Co.,Ltd.***	Subsidiary	Retail finance business in Laos	96.29	107,333,108
7. AEON (Thailand) Co., Ltd.	Related Holding shares and 2 common directors	Department Store	3.82	8,500,000
8. PT. AEON Credit Service Indonesia	Related Holding shares and same group of major shareholders	Consumer finance in Indonesia	2.59	19,071,550

\*The Company has the power to control over ATS Rabbit Special Purpose Vehicle Company Limited because the Company has power to appoint the board of directors and rights to provide certain service which is significantly impacted by the performance of underlying assets and has rights to get variable return from such company under securitization project.

\*\* The Company has the power to control over AEON Specialized (Cambodia) Plc. in accordance with the requirement of TFRS No. 10 "Consolidated Financial Statements"

\*\*\*The Company holds shares indirectly through ACS Servicing (Thailand) Company Limited and AEON Insurance Service (Thailand) Company Limited with 3.71

### 1.3 Shareholding Structure

#### Shareholders

A) List of the top 10 major shareholders from total shareholders (7,323 shareholders) as the share registered book closing date on February 28, 2022, are as follow:

	<b>Name of Shareholders</b>	<b>No. of Shares</b>	<b>%</b>
1	AEON Financial Service Co., Ltd. / Japan	87,800,000	35.12
2	ACS Capital Corporation Limited	48,000,000	19.20
3	AEON Holdings (Thailand) Co., Ltd.	22,000,000	8.80
4	Thai NVDR Co., Ltd.	19,351,379	7.74
5	Mr. Chatchaval Jiaravanon	7,700,000	3.08
6	MORGAN STANLEY & CO. INTERNATIONAL PLC <sup>1</sup>	7,000,000	2.80
7	STATE STREET EUROPE LIMITED	4,929,317	1.97
8	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	4,605,900	1.84
9	THAI LIFE INSURANCE PUBLIC COMPANY LIMITED	2,810,200	1.12
10	SE ASIA (TYPE B) NOMINEES LLC	2,563,700	1.02

Note: <sup>1</sup>Morgan Stanley custodians 7,000,000 million shares on behalf of Mr. Chatchaval Jiaravanon.

Source: Thailand Securities Depository Co., Ltd.

B) The ultimate shareholders of AEONTS's major controlling shareholders are as follows:

<b>Shareholder/ Location</b>	<b>Relationship</b>	<b>No. of Shares</b>	<b>%</b>
1. AEON Financial Service Co., Ltd. / Japan	AEON Co., Ltd. (Japan) is the major shareholder.	87,800,000	35.12
2. ACS Capital Corporation Ltd. / Thailand	AEON Financial Service Co., Ltd. is the major shareholder.	48,000,000	19.20
3. AEON Holdings (Thailand) Co., Ltd / Thailand.	AEON Co., Ltd. (Japan) is the major shareholder.	22,000,000	8.80
<b>Total ultimate shareholders of the Company</b>		<b>157,800,000</b>	<b>63.12</b>



## Shareholding Structure

The Company has investment in subsidiaries and other affiliated companies as of February 28, 2022 as follows;

Company	Business Type	Ownership (%)
<b><u>Subsidiaries - Domestic</u></b>		
1. ATS Rabbit Special Purpose Vehicle Company Limited <sup>1</sup>	Special purpose vehicles (SPV)	48.75
2. ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited) <sup>2</sup>	Life / Non-life Insurance brokerage services	100.00
3. ACS Servicing (Thailand) Co., Ltd	Debt Collection services	100.00
<b><u>Subsidiaries - Overseas</u></b>		
4. AEON Specialized Bank (Cambodia) PLC	Specialized Bank in Cambodia	50.00
5. AEON Microfinance (Myanmar) Co., Ltd	Microfinance business in Myanmar	100.00
6. AEON Leasing Service (Lao) Co., Ltd <sup>3</sup>	Leasing business in Laos	96.29
<b><u>Other Affiliated Companies</u></b>		
7. AEON (Thailand) Co., Ltd.	Retail Department Store	3.82
8. PT. AEON Credit Service Indonesia	Microfinance business in Indonesia	2.59
9. ACS Trading Vietnam Co., Ltd <sup>4</sup>	Installments service in Vietnam	3.03
10. Rabbit Cash Co., Ltd <sup>5</sup>	Provide lending services through digital platform	18.00

Note - <sup>1</sup>The Company has the power to control over ATS Rabbit Special Purpose Vehicle Company Limited because the Company has power to appoint the board of directors and rights to provide certain service which is significantly impacted by the performance of underlying assets and has rights to get variable return from such company under securitization project.

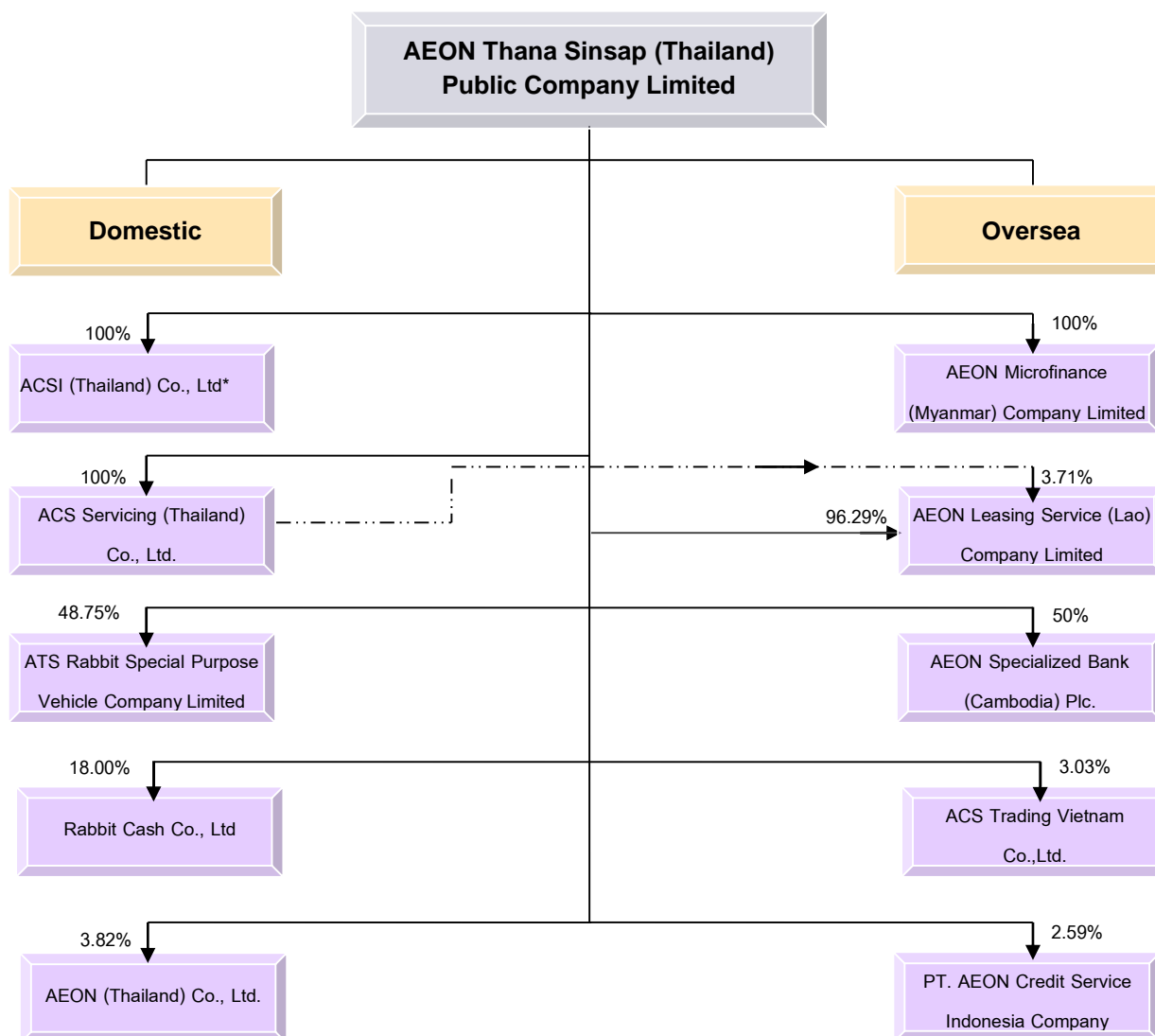
<sup>2</sup>ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited), the Company's subsidiary has returned its insurance broker license to the Office of Insurance Commission on January 4, 2022 and on April 11, 2022, the Board of Directors' Meeting of ACSI (Thailand) Co., Ltd. had a special resolution to approve the Subsidiary's dissolution. The Subsidiary will register the dissolution with the Department of Business Development, Ministry of Commerce on June 30, 2022

<sup>3</sup>The Company holds shares indirectly through ACS Servicing (Thailand) Company Limited and AEON Insurance Service (Thailand) Company Limited with 3.71% and On September 28, 2021, the Board of Directors' Meeting of ACSI (Thailand) Co., Ltd. (formerly Aeon Insurance Service (Thailand) Co., Ltd.), a subsidiary, had a resolution to approve the transfer of 104,000 shares of AEON Leasing Service (Lao) at par value of Baht 41 totaling Baht 4.26 million to the Company. Subsequently, on December 3, 2021, there was a transfer of shares, causing the percentage of ownership of AEON Leasing Service (Lao) held by the Company to increase from 92.58% to 96.29%, and cost from Baht 103.07 million to Baht 107.33 million.

<sup>4</sup>On March 30, 2021, the Board of Directors' Meeting of ACS Trading Vietnam Co., Ltd. ("ACS Trading Vietnam") had a resolution to approve the increase of authorized share capital from VND 50,000 million to VND 330,000 million. ACS Trading Vietnam registered its increased share capital on November 29, 2021. However, the Company waived the rights to purchase the increased share capital. As a result, the Company's proportion of shareholding in ACSTV decreased from 20% to 3.03%. The Company has accounted for the retained interest as an investment in equity securities measured at fair value through profit or loss whose fair value on the initial recognition was zero.

<sup>5</sup>On March 29, 2021, the Company has entered into a Joint Venture Agreement with BSS Holdings Company Limited ("BSS Holdings") and Humanica Public Company Limited ("HUMAN") to incorporate a Joint Venture Company under the name of "Rabbit Cash Company Limited", whereas BSS Holdings, the Company and HUMAN holds 77%, 18% and 5%, respectively, of the shares. The initial registered capital is Baht 800 million.

## Shareholding Structure chart



Note: \*ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)

#### 1.4 Amounts of registered capital and paid-up capital

Registered Capital 250 million baht, Paid-up Capital 250 million baht  
common stock 250 shares, Preferred stock - shares Par value 1 baht

#### 1.5 Issuance of the securities

The Company issued debentures on February 28, 2022, details are as follows:

Information of Debenture	THB Debenture	THB Debenture	THB Debenture	JPY Debenture
<b>Total Value</b>	1,000 Million THB	2,800 Million THB	1,000 Million THB	7,000 Million JPY
<b>Type</b>	Non-Guaranteed Debenture Nonconvertible	Non-Guaranteed Debenture Nonconvertible	Non-Guaranteed Debenture Nonconvertible	Guaranteed Debenture Nonconvertible
<b>Total unit</b>	1,000,000 units	2,800,000 units	1,000,000 units	70 units
<b>Par Value Per Unit</b>	1,000 THB	1,000 THB	1,000 THB	100,000,000 JPY
<b>Remaining value as at February 28, 2022</b>	1,000 Million THB	2,800 Million THB	1,000 Million THB	7,000 Million JPY
<b>Tenor</b>	5 years	3 years	5 years	5 years
<b>Issue date</b>	Dec 15, 2017	Nov 15, 2019	Nov 15, 2019	Dec 29, 2021
<b>Maturity date</b>	Dec 15, 2022	Nov 15, 2022	Nov 15, 2024	Dec 29, 2026
<b>Redeemable option (Put/Call)</b>	-None-	-None-	-None-	-None-
<b>Collateral</b>	-None-	-None-	-None-	-None-
<b>Guarantor</b>	-None-	-None-	-None-	Sumitomo Mitsui Banking Corporation, Tokyo
<b>Credit rating</b>	A- (FitchRating)	A- (FitchRating)	A- (FitchRating)	-None-

Note: Details of Long Term Debentures are shown in Note to the Financial Statements No. 24

## 1.6 Dividend Policy

The policy for dividend payment of the Company is at the rate of not less than 30% of the Company's consolidated net profit. The Board of Directors' resolution of dividend payment has to be approved at the Shareholders' Meeting unless it is an interim dividend distribution. The Board of Directors authorized to approve the interim dividend payment before reporting it at the next Shareholders' Meeting.

The Company pays dividends to shareholders twice a year. The first dividend payment is paid out as an interim dividend, which will be distributed from the first half year operating results and the second dividend payment is paid out as an annual dividend, which will be distributed from the operating results of the second half year.

For the Fiscal Year 2021, the Board of Directors' meeting on October 4, 2021, resolved to pay interim dividend payment at 2.50 baht per share and paid the dividend to shareholders on November 2, 2021. In addition, the Board of Directors' meeting approved the final dividend payment for the Fiscal Year ended February 28, 2022, at the rate of 2.65 baht per share, which will be paid after being approved from AGM on June 24, 2022. The total dividend for FY2021 will be 5.15 baht per share or 36.24% payout ratio, totally 1,288 million baht. The Company has set the record date on May 13, 2022, to determine the shareholders entitled to receive dividends.

The dividend payments of the Company compared to the previous year are as follow:

	<b>FY2019</b> (Baht per share)	<b>FY2020</b> (Baht per share)	<b>FY2021</b> (Baht per share)
Interim Dividend	2.45	1.85	2.50
Final Dividend	2.55	2.65	2.65
Special Dividend	-	-	-
<b>Total</b>	<b>5.00</b>	<b>4.50</b>	<b>5.15</b>
<b>Payout ratio</b>	<b>31.44%</b>	<b>30.49%</b>	<b>36.24%</b>

# 2

## **Risk management**

## **2. Risk Management**

### **2.1 Risk management policy and plan**

The Board of Director and all of the Management realizes the important of effective Risk Management. Therefore, the Company has accordingly established the “Policy of Risk Management” to be guideline for managing risk as well as enhanced methodologies and tools employed for quantifying risks to ensure effectiveness, efficiency and availability to support relevant risks that may occur in the future with accordingly to international standard of Risk Management. Including Risk assessment, Risk analyze and Risk Management which are under Government Committee to control, monitor, evaluate and manage the company operation in accordance with policies and official risk management guidelines.

In the year 2021, there were Risk Management activities. The key points are summarized as follows:

1. Review the results of the Company's annual Risk Control Self-Assessment (RCSA)
2. Monitor and control risks by using the Key Risk Indicator (KRI) on a monthly basis.
3. Follow up and control incidents (Incident Report) that occur.
4. Risk reporting and including the relevant information of Risk to the Governance Committee and the Board of Directors to know regularly.
5. Promote the dissemination of knowledge about Risk Management to employee in the company, and create an organizational culture on risk management.

### **2.2 Financial risk management objectives**

The Group's and the Company's Treasury function provides services to the Group and the Company in coordinating access to domestic and international financial markets, monitoring and managing the financial risks relating to the operations of the Group and the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group and the Company seek to minimize the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's and the Company's policies approved by the Board of Directors of the Group and the Company, which provide written principles on foreign currency risk, interest rate risk, credit risk and the use of financial derivatives and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group and the Company do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's and the Company's Treasury function reports quarterly to the Group's and the Company's risk management committee, an independent agency that monitors risks and policies implemented to mitigate risk exposures.

### **2.3 Risk factors on business operation**

#### **Market risk**

The Group's and the Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group and the Company enter into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk, including:

- Cross currency swap to hedge the fluctuation exchange rate arising on translation of the Group's and the Company's borrowings and debentures; and
- Interest rate swaps to mitigate the risk of rising interest rates.

### **Interest rate risk management**

The Group and the Company are exposed to interest rate risk because borrowings and debentures carry floating interest rates. The Group and the Company, therefore, manage interest rate risk by the use of interest rate swap contracts to ensure that the Group and the Company do not expose risks from the fluctuation of interest rate.

The Group's and the Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of Note 38.2.2.

#### **Interest rate sensitivity analysis**

The Group and the Company enter into interest rate swap contracts for all borrowings and debentures carrying floating interest rate, hence, the Group and the Company do not expose to risks from the sensitivity of interest rate.

#### **Interest rate swap contracts**

Under interest rate swap contracts, the Group and the Company agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group and the Company to mitigate the risk of changing interest rates. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows at the reporting date and the credit risk inherent in the contract.

See Note 38.2 for the information regarding cross currency and interest rate swap contracts and interest rate swap contracts as at February 28, 2022 and their related hedged items.

### **Foreign currency risk management**

The Group and the Company have liabilities in foreign currencies, which are different from their functional currencies. Foreign exchange rate exposures are managed within approved policy utilizing cross currency swap contracts.

#### **Foreign currency sensitivity analysis**

The Group and the Company enter into cross currency swap contracts for all borrowings and debentures denominated in different currencies from functional currencies. Consequently, the Group and the Company do not expose risks from the sensitivity of foreign currency.

#### **Cross currency swap contracts**

It is the policy of the Group and the Company to enter into cross currency swap contracts to manage the foreign exchange rate risk associated with borrowings and debentures.

In the current year, the Group and the Company have designated all cross currency swap contracts as a hedge of their foreign currency borrowings and debentures. Regarding the review on the Group's and the Company's policy and due to the increased volatility in foreign exchange rate, it was decided that 100% of foreign currency borrowings and debentures be hedged.

The information of cross currency swap contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items, are presented together with the information of interest rate swap contracts (see Note 38.2.2). Cross currency swap contracts assets and liabilities are presented in "Derivative assets" and "Derivative liabilities" within the statement of financial position (see Note 25 for further details).

## **Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors of the Group and the Company, which have established an appropriate liquidity risk management framework for management of the short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group and the Company have to further reduce liquidity risk are disclosed in Note 39.

See Note 38.4.1 for detail the Group's and the Company's remaining contractual maturity for their non-derivative financial assets and financial liabilities with agreed repayment periods.

## **Credit risk**

Note 5.4 and Note 3.2.2 detail the Group's and the Company's maximum exposure to credit risk and the measurement bases used to determine expected credit loss, respectively.

Before accepting any new customer, dedicated teams of the Group and the Company responsible for the determination of credit limits use an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed and approved twice a year by the risk management committee.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group and the Company review the recoverable amount of each trade receivables on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Group and the Company consider that the Group's and the Company's credit risk are significantly reduced. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

## **Overview of the Group's and the Company's exposure to credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. As at February 28, 2022, the Group's and the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group and the Company arise from the carrying amount of the respective recognized financial assets as stated in the consolidated and separate statement of financial position.



**The Group's and the Company's current credit risk grading framework comprises the following categories:**

<b>Category</b>	<b>Description</b>	<b>Basis for recognizing expected credit losses</b>
Low credit risk receivables (Stage 1)	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Significant increase in credit risk receivables (Stage 2)	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Default receivables in credit risk (Stage 3)	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

See note 37.3 for detail the credit quality of the Group's and the Company's financial assets, as well as the Group's and the Company's maximum exposure to credit risk by credit risk rating grades.

### **Capital risk**

The Group and the Company manage their capital to ensure that the Group and the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group and the Company consists of short-term and long-term borrowings in Note 18, Note 21 and Note 22, long-term debentures in Note 23, lease liabilities in Note 20 and shareholders' equity of the Group and the Company consist of issued share capital, reserves, unappropriated retained earnings and non-controlling interests disclosed in Note 26.

The Group's and the Company's risk management committee review the capital structure on a quarterly basis. As part of this review, the committee of the Group and the Company consider the cost of capital and the risks associated with each class of capital. The Group and the Company are not subject to any externally imposed capital requirements.

See Note 37.5 for gearing ratio as at February 28, 2022

## **Fraudulent Risk**

The Company realizes the risk from false statement provided by credit applicants or contracted members' stores to let them exploit cash, product or services resulting in damage to the Company's revenue caused by credit loss. In addition, the Company might facing potential risk from fraudulent acts by a credit officer who intentionally misjudges or approves a credit line and/or credit limit without compliance with the Company's credit approval criteria.

However, the company has a standard of procedure in verification on the received information using in the credit approval process including data screening with in-house databases, National Credit Bureau (NCB), and with the given information in application by customer. If there are any further inquiry, company already have Fraud section for thoroughly inspect and gather relevant information and additional evidence as appropriate.

And the Company has set up Quality Control Division of the Credit Control Department which is an independent unit to conduct a random inspection of credit approval to ensure that it is in accordance with the setting criteria by the Company. In addition, the Credit Control Department has analyzed the quality and examined the details of the delinquent customer. Lessons learned reviews and root cause analyses from external and internal fraud events are used to improve credit criteria, processes and controls.

## **Operational Risk**

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people, systems, Information Technology and external events/factors. The operational risk usually arises from business activities and operation.

However, for managing the risk, the company has standard of procedure for each work flow/process. Employees shall be able to understand the process and could operate effectively as company's standard required. Moreover, the company establishes a Policy of Operational Risk Management, and the Policy of Emergency or Immediately Reports on Incident Accident or Trouble to handle the risk/incident occurring. This is in order to govern, monitor, and manage the risk and/or incident with its loss to be within acceptable level.

Governance Committee has been appointed to governance and supervise on risk management across the company and subsidiary company that in placed both internal and external Thailand. The Governance Committee will be received monthly risk management reports for acknowledgement, discussion and review on the risk management report to ensure the effectiveness of company operation and manage the risk to be within acceptable level.

The Company developed many tools that support operational risk activities for identifying, assessing, monitoring, reporting and mitigating the operational risk issue of all internal process and activities. Therefore, all departments are required to conduct the Risk and Control Self-Assessment (RCSA) and reviewed annually. The risk assessment is to consider inherent risk, existing control, and residual risk of each risk. The results of risk assessment are prioritized to retrieved company top risk before providing the annual risk management action plans to mitigate the risk and to ensure residual risk is within acceptable level. Moreover, all top risk of company is monitored by the set of Key Risk Indicators (KRI) on monthly basis.

### Incident Management

The Company has set up Risk Management Department to monitor on incident happening. All incident must be recorded in detailed. From the overview of events, impacts, financial and non-financial losses incurred, including corrective action and preventive actions to prevent recurring. The incident information will be used for enhancement and improvement the existing control and risk mitigation, to be more effective risk management and risk remedy in the future.

### Business Continuity Plan

The company also has Business Continuity Plan (BCP) to ensure continuity of key business activities during a crisis event. In case of crisis occurring such as disasters, natural disasters and various disasters that may occur, the company then be able to provide continuously service to customer. The plan has been annually revised and tested, all departments involved to the testing plan. Core system and key company's operation activities/process are rehearsed annually to ensure the company efficiency to perform daily operation during crisis (if any).

### Outsourcing management

The Company has established a policy for managing outsourcing services including third parties. This policy regulates external service providers, especially who operates on behalf of the Company, to guarantee that their processes are aligned with operating standards of the Company, the Group of Company and other relevant regulation. In this regard, the Risk Management department also has registration's list of the Company's external service providers including third parties, which are classified according to the nature of the service to control as appropriate. The main categories are as follows: 1) Outsourcing service providers who work on behalf of the Company 2) Credit agents 3) Sellers of goods and services to the Company 4) Partner companies 5) Government agency or service provider that is the main accredited government agency etc. Company embeds control in all aspects related to external service providers, such as, process of choosing an external service provider, Master Contracts (include subcontractors of external service providers), Management of the Company's customer information. Protecting customer data must be aligned with operational standards to ensure the accuracy and secure. Company also considers the risk management of external service providers as well as annual audit of third-party services to reduce risks and ensure the quality of service from outsource as well.

### **Risk of Data loss or information leakage**

The Company realized that operation relies on huge confidential information which include customer information and customer transaction. Hence the risk might arise from information loss, including information leakage. Should any incident, error of operation, not following the procedure manual or manual is not update, or there are intentionally destroy, copy or leakage to information that may also cause significant adverse effects to the Company reputation and operation.

Therefore, the Company is more concern on securing information leakage, such those information must be store in secure place and disclose to only authorize person as appropriate to their responsibility. Inappropriate access might cause significant adverse effects to the Company. The Company has determined authorized person to access the information as appropriate to their position and responsibility. User & password and access ID being used to control access Information system of Company. In 2015, the Company implemented "Finger Vein Scanner" as a method of biometric authentication that uses pattern-recognition techniques based on human finger vein patterns beneath the skin's surface to identify individuals and verify their identity to protect unauthorized information access. So, the Company can reduce the risk and likelihood of information leakage more efficiently.

The Company had upgrade existing applications into the computer network so called "THIN CLIENT NETWORK" to share necessary information and applications. Furthermore, The Company also provides confidential data backup by backing up with tape recordings (Magnetic Tape), for which it has determined the period of recording as appropriate in enhancing the security of the data. The Company has delivered the tapes outside the Company to be stored in a secure place according to international standards. And the company has also reviewed various restoring methods so that the key processes or the Company's core processes can be operated continuously, even if there are any event that impacted to the Company.

In addition, the Company also implemented Information Security Management System (ISMS) to all operational centers including Chiang Mai, Khon Kaen, Hat Yai, Sriracha, Bangkok and all branches. All centers and branches were certified ISO 27001:2013 and that create more confidence on efficient protection from information leakage and ensure the adequate security controls protect the information

assets of the Company and give the assurance at satisfaction level of knowing that the Company is protecting all information with controls which are the best practice and are commonly used by world class organizations.

## **Cyber risk**

### Objective

At present, Information Technology (IT) plays an important role in the business operation and services of AEON Thana Sinsap (Thailand) Public Company Limited, which operates business under the law on payment systems. The objectives of the requirements to consider the significance of information technology risk governance are as follows:

1. To ensure there is a security of information technology systems to handle with cyber threats and to monitor and manage information technology risks
2. To help optimize various information technology systems, reduce operating costs including more convenient and faster
3. To ensure that the company has good information technology governance and security.
4. Reduces IT Risk and Cyber threats that affect trust of service users including payment systems.

### Scope

Executives, heads of departments and employees of various departments of AEON Thana Sinsap (Thailand) Public Company Limited, which is an important payment system provider and is a business operator of payment systems under the law governing payment systems that are not financial institutions or specialized financial institutions under the law governing financial institutions business.

### Requirement

#### 1. Requirements in consider significance to operation

1.1 The requirements shall be passed through a joint consideration of the significance of the relevant agencies, in particular, the agency operating in the field of information technology (1st line of defense) and the agency responsible for managing information technology risks and Supervise compliance with laws and regulations related to information technology (2nd line of defense), including requiring approval from the assigned committee.

1.2 Requirements for considering materiality It must be considered under a framework that considers the risks and impacts on the service or business of service providers and business operators on a large scale (enterprise wide impact) or impact on the payment system on a large scale (payment) system wide impact.

1.3 Must communicate and disseminate the rules to relevant agencies for acknowledgment and implementation.

1.4 The implementation of the requirements must be reviewed at least once a year.

1.5 The requirements must be reviewed at least once a year and when there are significant changes to ensure they are consistent with the level of risk and impact on service providers and business operators or payment system

## 2. Risk identification

Potential IT risk events should be identified or actual including cyber threats and vulnerabilities that affect Company business by information technology risk events. The impact that covers risks at the “High” level should be identified in the document “Operational Risk Management Standard of Procedure” as follows

2.1 Financial Impact means the operation and/or events that affect the organization and cause financial damage.

2.2 Compliance and Regulatory Impact means the operation and/or incidents that violate regulations, requirements, or violate important regulations and which have received a written warning or any other equivalent or greater sanction from an agency governing compliance with laws and regulations relating to information technology.

2.3 Customer Impact means the operation and/or events that affect

- Many customers as a percentage (%) of all active customers
- Number of customers contacting for complaints per year
- Significant customer loss or card cancellation.

### **Risk of Non-Compliance from the Government’s Control**

The Ministry of Finance has issued a notification on Permission to Operate Credit Cards under article 5 of Section of the Announcement of National Executive Council No. 58 that delegate’s authority to The Bank of Thailand to control the credit card business. In this regard, the Bank of Thailand also issues BOT notifications with regard to the requirements and criteria in operating such a business as well as determining interest rates and fees chargeable to customers, the qualifications of credit cardholders and personal loan customers. The Company is authorized to operate a credit card business and personal loans under supervision including electronic payment services in accordance with the Bank of Thailand Notification No. SorNorChor. 9/2018 " Regulations on Undertaking Service Business of Receiving Electronic Payment” of Section 24 of the Payment Systems Act B.E. 2560 (2017), the Bank of Thailand, as the supervisory authority, has issued a notification regarding the requirements and rules for undertaking such business.

The Anti-Money Laundering Office has defined various measures to prevent and suppress money laundering that includes the financing of terrorism in order to protect the country, people, financial institutions, economic system and world society from money laundering, terrorism, fraud and crimes. It has therefore enacted the Anti-Money Laundering Act B.E. 2542 (1999), The Counter Terrorism and Proliferation of Weapon of Mass Destruction Financing Act B.E. 2559 (2016), Ordinance of the Anti-Money Laundering for Financial Institution and non-financial institution following juristic persons article 16 Anti-Money Laundering Act, including Ministerial Regulation prescribing rules and procedures for customers’ due diligence B.E. 2563 enforceable in financial institutions and professions who are non-financial institutions as prescribed in Section 16 of the Anti-Money Laundering Act. The Company, as one of the professions under Section 16 has established a policy and procedure of anti-money laundering and combating the financing of terrorism (AML/CFT) and announced it for internal enforcement. It regulates rules and procedures for customer identification (KYC), Customer Due Diligence, risk assessment and management and suspicious transaction reports as required by law.

The Office of The Consumer Protection Board has issued the Announcement of the Committee on Contracts and that the credit card business is to be a controlled business with respect to contracts B.E. 2556 (2013) (and amended). This notification stipulates procedures and conditions for execution contracts between companies as business operators and consumers having essence, for instance, that a contract shall contain Thai language which is clear, visible and readable, change of credit card conditions, interest rates, penalty rates, fees, service fees including procedures in using the credit card or any provision regarding the credit card shall be notified to consumers in writing not less than 30 days

prior to the effective date; in case of urgency, notification can be made by mail or posted in daily newspapers not less than 7 days prior to the effective date and, if by mean of posting in a newspaper, followed by the written notification of change, etc.

In addition, the Personal Data Protection Act 2019 (Personal Data Protection Act: PDPA), which has extended its enforcement until May 31, 2022, the company has prepared for the company and employees can comply to the law, such as having a Privacy Policy, Consent management (collection, use or disclosure of personal information), Appoint Data Protection Officer (DPO) to monitor and verify compliance with the PDPA for internal and external data (Customer information) and coordinate with the Office of the Personal Data Protection Commission.

The Company has strictly adhered to respective laws, notifications and regulations. All process and procedure had been timely updated and enforce in honestly comply with such regulations. Corporate Compliance Department regularly performs independent review should any incompliance directly reported to the Governance Committee with lesson learn and corrective action. In 2021, there is none significance violation of regulation occurring.

The Company has set up a Corporate Compliance Department to act in coordination with regulators, follow up on legal regulations to supervise internal operations under the relevant regulations.

### **Risk from natural disaster**

To ensure that the company can provide continuity of key activities, constantly service to customer and minimize operating disruption period during natural disaster. The Company has a back-up plan to transfer some key operations such as collection, credit approval and customer service from the Bangkok Center to upcountry Centers. In addition, company's property insurance against natural disaster had covered all assets in both Head Office and branch in nationwide to insure all these unforeseen risks.

### **Risk from Geopolitical**

Due to the Company having a joint venture outside the country. Therefore, it is important to take this risk into account. Because it can occur in a variety of forms, such as political, economic, social problems, terrorism, threat of war, including the relationship between countries or regions, such as the problem between the United States and Russia, etc. These factors may affect the contraction of the global economy.

In addition, the Global Risks Perception Survey (GPRS) by the World Economic Forum looks at geoeconomic confrontations, which are considered geopolitical issues. It was in the top ten of the survey results. "The identification of the most serious risks affecting the global scale over the next 10 years" means that these risks should not be ignored in risk management considerations.

The company has held meetings with affiliated companies located in foreign countries regularly. To provide a platform for the risk management team to have a presentation, exchange information about situations related to the risks of each country.

### **Risk of an option to buy back Excess Defaulted Receivables from Special Purpose Vehicle Company Limited (SPV) under the Securitization plan**

The Company sold an amount of revolving 456 million baht non-recourse loan receivables to the ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit) on October 29, 2015. The Special Purpose Vehicle Companies were incorporated under the Civil and Commercial Code of Thailand to be special purpose vehicles (SPV) under the Royal Enactment on Special Purpose Juristic Persons for Securitization B.E. 2540 (1997) and under the securitization plan which was approved by the Office of the Securities and Exchange Commission.

The Company has the option to buy back those excess defaulted receivables from the SPVs. However, if the Company does not exercise the option or having exercised the option fails to repurchase all such excess defaulted receivables from the Eternal 6 Special Purpose Vehicle Company Limited

(Eternal 6) and ATS Rabbit Special Purpose Vehicle Company Limited, this non-exercise of failure shall constitute a trigger event. This situation will not occur as long as the Company has performed good debt management. (For details of agreements relating to securitization transaction see Note to Financial Statements No.40.2)

**Risk from controlling of the major shareholder more than 50%**

Currently, AEON group is a major shareholder of the Company holding 157,800,000 shares or the equivalent to 63.12% of paid-up capital. This has resulted in the fact that the major shareholder can control almost all shareholders' resolutions which require more than 50% of the votes except for the agenda stipulated by the Laws or Articles of Association that must have a vote of not less than three quarters of the total number of votes. Consequently, other shareholders of the Company may not be able to assemble their voting rights in order to provide a check and balance to the agenda proposed by the major shareholder

However, the Company has regularly monitored and assessed risk in all aspects. In order to evaluate the business environmental change and its effect, the Company holds a monthly risk management meeting and department meeting which the executive directors and related executive management join to consider how to improve strategy and reach targets. In addition, the Company has monitored risks by assessing other risk factors that might affect the Company's achievement.

## **New potential risk factors which was a risk that occurred in 2019 and may occur in the future**

### **Risk of the Covid-19 epidemic**

The epidemic situation of the COVID-19 virus has affected all around the world including Thailand. Not only in terms of health but also to economic and financial issues. Due to the spread of the new virus, if it becomes more severe, it would affect the economic activity to slow down significantly, hinder recovery. As a result, the financial cost of both the public, private, and public sectors increased. And pressure on product prices, inflation increase, and affect exchange rates also volatile capital movements.

Along with the intensive measures to control the outbreak from the government affecting business sector and economy in the country including the daily life of the people. For this reason, the company has adopted business continuity management plan to ensure operation can be operating and service to customer continuously under the situation of the COVID-19 epidemic.

Key solutions that the company has implemented during the COVID-19 epidemic are:

1. **Working at the office:** The company provides staffs a strict control measures to comply such as limiting the number of employee in working area by assigning Team A and B for work shift to reduce risk of travelling during rush hour, checking body temperature before entering the office. Staff requires to wear a face mask all the time while working at the office. The company provides alcohol gel, hand sanitizers for employees, by placing them at various points. The company also require staff to keep social distancing during working/meetings. Company allows employee to have food at their own desks, to reduce the risk of infection etc.
2. **Work from Home:** The company also provides laptop for employees and allows them to work from home to reduce the risk of spreading of COVID-19, Company also takes user access right and IT security into account Including using the chat program “Jabber” and setting up the forwarding of office IP phone calls to employee’s phone to be a channel of communication within the company during which employees work from different locations.
3. **Stay at Home:** In the event of a severe situation, or the top highly risky area declared by the government including an announcement of any lock down in some areas. The Company cooperates with the government by considering to close branches in such the announced area and to allow local employees to stay at home for staff safety. In the spread of this epidemic, the company starting this measure since March 2020.

In addition, the company regularly arranges the Crisis Management Meeting to monitor the COVID-19 situation, announcements from the government sector including human risk and impact to operation and service to customer. Moreover, this meeting is to solve problem in time (if any) and to ensure company business continuity and performance of operation management.



# 3

## **Business sustainability development**

### 3. Business Sustainability Development

#### Policy and objectives of sustainable management

With the concept of sustainability development, The Company operates businesses with awareness of social and environmental responsibility and seriously complies with the principles of good governance. The company is a member of sustainability committee with companies in the group of AEON Financial Service Co., Ltd., Japan. Which aim to achieve both the "realization of a sustainable society" and "growth of the Group" based on AEON's Basic Principles of "Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core." Moreover, the company always review and develop products, services and operation process for continuity of business operations in challenging situation by taking into consideration of the expectations of all stakeholders.

#### Sustainability Goal

The company emphasizes on the United Nations Sustainable Development Goals (SDGs) as the concept of our operations for 14 Sustainable Development Goals as follows;



- To offer an innovation financial services, supports customer's daily living that everyone is accessible following the Company philosophy "Customer-first"
- The Company realizes the importance of a sustainable relationship between society and being a good corporate citizen by supporting to set up AEON Thailand Foundation since 2007 as well as sharing profits to contribute to CSR activities with the Foundation every year. The Company gives an opportunity for all employees to engage and to promote social and environmental dimension with CSR activities.
- The Company has been maintaining importance in good governance based on AEON Basic Principles including, respects human rights and AEON people, promises to our customers, co-working with the community for its growth and improvement of the quality of life , and deals fairly with our business partners as long as respects the shareholders resolutions.


## Management of impacts on stakeholders in the business value chain


The Company realizes the efficiency of business operation as well as focusing on products and services development to satisfy all stakeholders. Please see more details of business value chain in the Sustainability Report 2021.

### •Value Chain



### •Stakeholder Analysis and Action in the Business Value Chain

Stakeholders	Forms and Communication Channels	Interest and Expectation	Company's Action
 <b>Shareholders</b> <b>Analyst</b> <b>Investor</b>	<ul style="list-style-type: none"> <li>Annual General Meeting of Shareholders.</li> <li>Extraordinary General Meeting of Shareholders (upon the occurrence of an event).</li> <li>Disclosure of Quarterly Performance.</li> <li>Providing information to analysts and investors.</li> <li>Providing channel inquiry to contact the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Receiving positive returns and sustainable growth.</li> <li>Receiving high and sustainable growth in return on investment.</li> <li>Good corporate governance, transparent and sustainable management.</li> <li>Effective risk-management system.</li> <li>Receiving correct and information completed within the specified deadline.</li> <li>Receiving clear answers to questions posed.</li> </ul>	<ul style="list-style-type: none"> <li>Operating the business with positive and sustainable results under corporate governance, transparency and verifiability.</li> <li>Providing prudent risk management.</li> <li>Disclosing correct and information completed and providing convenience channels to access information.</li> <li>Providing direct responses to questions posed and holding the meeting of Shareholders. Also, giving responses to their views in meetings.</li> </ul>

Stakeholders	Forms and Communication Channels	Interest and Expectation	Company's Action
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>Organizing orientation for new employees.</li> <li>Communicating information to employees.</li> <li>Preparing appropriate learning courses for employees at all levels.</li> <li>Providing channels for suggestions, reports or complaints.</li> <li>Organizing employee engagement and satisfaction activities.</li> </ul>	<ul style="list-style-type: none"> <li>Recognizing and understanding the Company's business operations.</li> <li>Being informed of correct, completed and convenient channels to access information.</li> <li>Developing knowledge, capabilities and essential skills regularly.</li> <li>Being able to communicate views, needs and complaints.</li> <li>Providing a safe and healthy workplace.</li> <li>Providing necessary equipment to facilitate employees' operations.</li> <li>Being aware of the importance of work life and personal life.</li> </ul>	<ul style="list-style-type: none"> <li>Explaining the history of the Company, business operations including rules and regulation on orientation day.</li> <li>Providing appropriate and variety communication channels for employees.</li> <li>Preparing appropriate learning courses for all employee levels.</li> <li>Listening to suggestions and reports from employees and protecting whistleblowers.</li> <li>Providing and improving occupational health and safety workplace.</li> </ul>

Stakeholders	Forms and Communication Channels	Interest and Expectation	Company's Action
 <p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>Customer Satisfaction surveys conducted at branches.</li> <li>Satisfaction surveys after contact to the Customer Service.</li> <li>Listening to suggestions on the Company's official website.</li> <li>Having an online media communication channels to make it more convenience and fast for customers.</li> </ul>	<ul style="list-style-type: none"> <li>Providing products and financial services per customer's lifestyle.</li> <li>Customer service with responsibility and fairness.</li> <li>Listening and responding to the customers suggestions.</li> <li>Continuously developing quality of products and services.</li> </ul>	<ul style="list-style-type: none"> <li>The Company develops products and services to meet each customer's lifestyles.</li> <li>Providing service to customers following AEON Basic Principle and "Customer-First" philosophy.</li> <li>Accepting customer complaints and processes within the time frame of Service Level Agreement (SLA).</li> <li>Applying ISO27001; Information Security Management System (ISMS) and other related laws and regulations to ensure information security for customers.</li> <li>Relieving measures for customers impacted by COVID-19.</li> </ul>

Stakeholders	Forms and Communication Channels	Interest and Expectation	Company's Action
 Competitors	<ul style="list-style-type: none"> <li>Meetings to exchange views and cooperate on various agendas.</li> </ul>	<ul style="list-style-type: none"> <li>Undertaking business operations and competing with each other in a transparent, fair, and just manner, i.e. avoid unethical business tactics.</li> </ul>	<ul style="list-style-type: none"> <li>Creating fair competitive conditions.</li> </ul>

Stakeholders	Forms and Communication Channels	Interest and Expectation	Company's Action
 Business Partners	<ul style="list-style-type: none"> <li>Selection process and evaluation of business partners.</li> <li>Meeting, training and exchanging opinions, discussion. Also, listening to ideas and suggestions.</li> </ul>	<ul style="list-style-type: none"> <li>Purchasing in a fair and auditable method.</li> <li>Fair trade.</li> </ul>	<ul style="list-style-type: none"> <li>Providing guidelines and procedures of procure, selecting and evaluating the business partners.</li> <li>Disclosure of Anti-corruption policy and corporate compliance regarding no gift and entertainment policy.</li> <li>Building a good relationship with business partners.</li> </ul>

Stakeholders	Forms and Communication Channels	Interest and Expectation	Company's Action
 Creditors	<ul style="list-style-type: none"> <li>Disclosure of financial statement and related information, Also preparing the report within the specified period.</li> <li>Organizing activities to strengthen relationships.</li> </ul>	<ul style="list-style-type: none"> <li>Receiving interest and principal completion within the due date.</li> <li>Receiving information and corrected and completed operating results</li> <li>Participating in activities and usually communicating.</li> </ul>	<ul style="list-style-type: none"> <li>Paying interest and principal completed within the specified period.</li> <li>Disclosure financial statement and corrected and completed performance operation.</li> <li>Arranging activities to strengthen relationships and have a communication continuously.</li> </ul>

Stakeholders	Forms and Communication Channels	Interest and Expectation	Company's Action
 Society and the Environment	<ul style="list-style-type: none"> <li>Organizing community activity through the CSR project.</li> </ul>	<ul style="list-style-type: none"> <li>Promoting and supporting CSR activities.</li> <li>Helping when communities are damaged by disasters.</li> </ul>	<ul style="list-style-type: none"> <li>Establishing AEON Thailand Foundation and Allocating a budget for continuously society and environmental development</li> </ul>

## Management of Environmental Sustainability

### Environmental Policy and Guidelines

#### Policy and Management Approach

- ✓ The Company focuses not only stable business operation and sustainable growth but we also realizes the operating under good corporate governance which has responsibility to all stakeholders. The business would grow sustainably in the long term as long as aware of social and environment responsibility.
- ✓ The Company emphasizes conducting business with environmental responsibilities, although it slightly impacts on the environment from operation processes compared with other industries. The Company applied and certified the Environmental Management System (ISO14001) covering a whole company. Since 2010, Head office and all operation centers have a commitment to be a part of reducing environmental problems continuously. The Company states its Environmental Policy as follows:
  - The Company strives to continually improve our Environmental Management System applied to all business activities with respect to environmental impacts, environmental pollution prevention, and natural resources conservation.
  - The Company ensures that all business activities complied with applicable environmental laws and other requirements.
  - The Company establishes and determines our environmental goals and objectives to support the Environmental Management System reviewed periodically in order to improve energy efficiency and environmental protection.
  - The Company builds up environmental awareness among employees in order to ensure that the Environmental Management System is effectively implemented.

The Company promotes and supports various activities for environment and social responsibilities, creates a culture of environmental responsibility by encouraging employees to be a part of it, such as employees can propose ideas to improve operation processes and reduce wasteful resources through Kaizen Project, waste separation campaign; a basic concept for all to become aware of environment responsibilities continuously and be able to apply in daily life.

The Company has attended the meeting to prepare the action plan for Task Force on Climate-Related Financial Disclosures (TCFD) with AEON Financial Service Co., Ltd., Japan. The Company has initiated to study and prepare information to proceed in accordance with the action plan of AEON Financial Service Co., Ltd. appropriately.



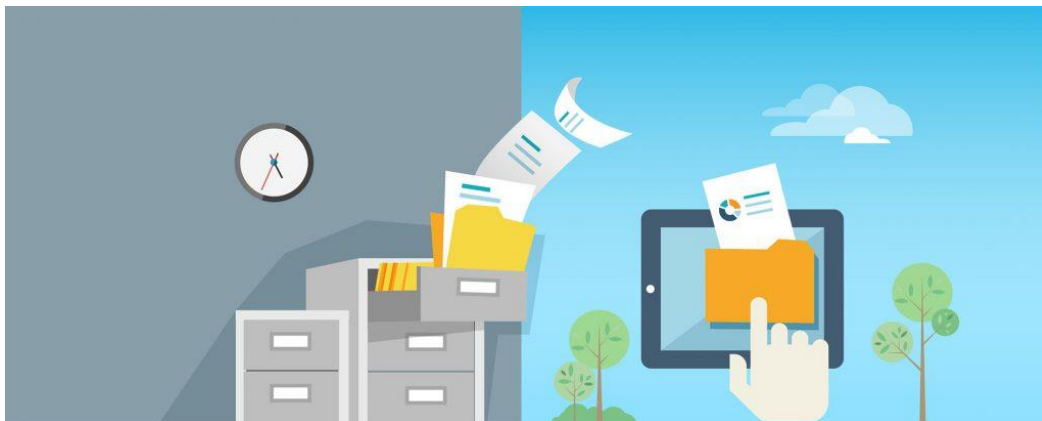
## Environment operating results

The Company has attention and realize our responsibility towards environmental problems from our activities and external service providers. Therefore, The environmental management system (ISO 14001:2015) has been applied throughout the organization, which we have certified at the head office and all centers. Moreover, the Company has set up a waste sorting project within the organization to enhance awareness of environmental protection among employees and to demonstrate our commitment to reduce environmental problems continuously.

For sustainable environment, the Company also has campaigned and encouraged reducing the paper usage in company' activities in order to decrease consumption of natural resources, pollution and waste. The Details are as follows:

1. Online non-MIS Administration Registration: change from paper form to E-memo system workflow for add/edit/cancel non-MIS system or admin. This activity reduced 1,240 paper sheets per year.
2. Auto Waive from COA: change from printing paper to electronic file (PDF). This activity reduced 2,340 paper sheets per year.
3. Less is More: change from paper-based memo to E-memo system (General E-memo) for getting approval. This activity reduced 42,450 paper sheets per year.
4. Key Box Holder Transfer Monitoring: change from record key box holder in paper form to record in electronic file (Excel). This project reduced 9,200 paper sheets per year.
5. E-Visitor Expansion to Branch: change from record visitor log at branch in paper form to record in system by retrieving visitor's information from ID card. This project reduced 1,200 paper sheets per year.

Overall, the company has reduced the paper usage significantly and plans to expand scope to other activities in the future. All of the projects align with the Company's Environmental Policy that focuses on reducing environmental impact, protecting environmental pollution and natural resource conservation.



## Management of the greenhouse gas emission (Carbon footprint)

The Company has no data about Greenhouse gas emission yet. However, we are considering of the data preparation.

The Company participate in a group of AEON Financial Service Co., Ltd., Japan to reduce greenhouse gas emission. The Company initiated to survey the data in order to evaluate the processes that produce greenhouse gas emissions and set goals and action plans to reduce its. The action plans consist of short-term and long-term plans which determine to follow up periodically to achieve the main goals.

AEON Co., Ltd., Japan has set the target for Zero CO<sub>2</sub> Society as follow,

- Reduce 35% by 2030
- Zero CO<sub>2</sub> by 2050

In this regard, the Board of Directors' meeting of AEON Financial Service Co., Ltd., Japan on November 30, 2021 announce AFS Sustainability Policy and guidelines for the group companies. The Company will implement according to the Group's guidelines as well.

## Social sustainability management

### Social policy and guidelines

AEONTS operates our business based on AEONTS's basic philosophy guiding to value on peace, humanity and society including the implementation of the word "Customer come First". The company realizes and values the security of customers' information as well as consistently develops products and services to increase the financial accessible opportunities. AEONTS respects human rights and each other. Besides, we have collaborated with AEON Thailand Foundation in creating activities and projects that continuously contribute to society and environment according to the main objective of the foundation.

### Business and Human Rights

The Company has been maintaining importance in human rights as a basic principles covering stakeholders from the company's business value chain. The guidelines and important operations are as follows.

### Personal Right and Data Protection

The Company has policies and practices to protect personal information of all stakeholders. The Company has improved processes and practices following the Personal Data Protection Act in order to develop potential and create awareness among personnel in the organization. Therefore, we have provided company's personnel the training about guidelines of the personal data protection to be informed and prevent damage that may occur in the collection, usage and disclosure of Personal Information as well as the information is kept safe, confidential and will not be disclosed except required by law or with the consent of the service recipient. We also set up system to control safety of personal information of customer and follow the related regulations. In 2021, the Company established a PDPA Steering Committee (see page 125) which is an agency supervising the process of personal data in accordance with the law and international standards.

In 2021, the Company provided employees the training of personal information management in accordance with the laws and international standards as follows.

Year	Number of persons
2020	5,321
2021	4,854



### Fair treatment of workers/employees

The Company has complies with the AEON code of conduct “ we respect human rights and do not discriminate for any reason, from nationality or race to gender, educational background, religion, or mental or physical disability, and all employees must listen to their colleagues and give the most value on human”.

Regarding human resource management, the Company treats employees equally in matters including salary and benefits, training, performance evaluation, promotion, penalty as well as termination and retirement regardless of nationality, race, gender, religion or disabilities. In addition, we also treats our staffs with respect and honor under a workplace environment free from harassment and other improper behaviors. More details for fair treatment of employee are as follows.

- Support and encourage employees to learn and constantly improve themselves in order to increase career opportunities and drive the Company forward. More details in Human Resource Development (see page 131)
- Respecting to human rights and for the individual are important in create a livable workplace.

As Company understands and recognizes the impact of HR processes on hiring women, disabilities or those who have difficulties reentering the job market, during the past year, the Company provided employment opportunities in all regions in Thailand. The Company employed 37 disabilities staff in all regions which are 0.9 percent of all employees 4,219 person.

### Employees and Stakeholders with Corporate Transparency

The Company provides hotline number, website and email for employees to report corporate non-transparency issue with undisclosed name, position, age, gender, etc. for their safety. However, there was no any claim in FY2021.

### Anti-Corruption Regulation and Policy

The Company determines Anti-Corruption Policy and implements to prevent involvement in corruption, including specified disciplinary action. The Company communicates the Anti-Corruption Regulation and Policy to all executives and employees. The Company's Board of Director therefore implements the policy and scope. ( more detail see page 106)

The Company has announced and reminded staffs of the policy about employees and family not requiring and receiving gifts, money, or special favors from our vendors or company stakeholders via internal communication. However, for the previous year, the Company has no claim about bribery and corruption.

### Occupational Safety, Health and Work Place Environment

The Company has policies and practices that support occupational safety, health and working environment following the Occupational Safety, Health and Environment Act B.E. 2554 that have been assigned to the company's practices as a private organization.

Goal	Guidelines and outcome
To support a corporate safety culture and raise awareness of the importance of safety as well as good occupational health in the performance of duties.	<p>Provide training courses for occupational safety under the Thailand safety law and refer emergency plan company :</p> <ol style="list-style-type: none"> <li>1. Basic Fire Fighting &amp; Fire Drill</li> <li>2. Team Emergency respond</li> <li>3. First Aid and CPR</li> <li>4. Safety officer on management level</li> <li>5. Safety officer on leader level</li> <li>6. Chemical spill Control</li> <li>7. Behavior based safety</li> <li>8. Emergency Server room</li> </ol> <p>This project invited qualified speakers to give lectures creating collaborative learning. Besides, we set a goal that all employees must understand and be able to practically apply them regarding safety measures and good occupational health in their duties and</p>

	positions by the year. The statistics of fatal accidents during work was 1 case in 2021.
To reduce the risk of COVID-19 virus spread for safety and good occupational health in the organization.	<ul style="list-style-type: none"> <li>• Set up strict epidemic control measures such as checking body temperature before entering the office, wearing masks all the time while working at the office. The company also provided alcohol, hand sanitizer and masks to employees as well as install partitions on the working desk to keep social distancing.</li> <li>• Provide notebook computers to employees, to allow them to work from home and reduce the risk of spreading COVID-19 virus.</li> <li>• Encourage employees to get vaccinated by giving acknowledge of vaccination from executive through “AEON Covid 19 Forum ฉีดวัคซีนแท้ที่จริงแล้วเรากำลังทำเพื่อใคร” activity couple with coordinate with Social Security Office and relevant government sector in order to provide and facilitate vaccines to company employees.</li> <li>• Inform benefits from vaccination and organize an event to distribute brooches to employee who have received two doses of vaccine in order to motivate employee to have more understanding of getting a vaccine.</li> <li>• Organize random test of ATK for employee.</li> <li>• Take care employee who infected covid-19 and join home isolation system by supporting “Fighto box Covid 19 essential kit” to employee.</li> </ul>
To take care of employees' health	<ul style="list-style-type: none"> <li>• Provide the breast milk storage room for female staff after childbirth and infirmary with a nurse stand by every day.</li> </ul>

### Social (Community) and Environment

The company and Aeon group companies including Aeon foundation have continuously organized a variety of activities that are beneficial to society (community) and environment in terms of promoting and supporting forest conservation, education, Thai society development as well as collaborating with other charitable organizations in the public interest. More details of social (community) and environmental activities and performances can be found in Sustainability Report FY2021 on the Investor Relations website of AEON Thana Sinsap (Thailand) Public Company Limited.

# 4

## **Management Discussion and Analysis (MD&A)**

#### 4. Management Discussion and Analysis (MD&A)

##### Financial Position and Operating Result

###### The Auditor and Auditor Report for the fiscal year 2019 - 2021

The consolidated and the separate financial statements of the Company of the fiscal years 2019, 2020 and 2021 ended February 29, 2020, February 28, 2021, and February 28, 2022 have been audited by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The auditors of the Company are as follows:

Year/Quarter	The Auditor	Registration No.
FY2019 - 2021	Mrs. Nisakorn Songmanee	5035

The auditors gave an unqualified opinion that the consolidated and the separate financial statements of the fiscal years 2019, 2020, and 2021, present fairly, in all material respects, the financial position as of February 29, 2020, February 28, 2021, and February 28, 2022, financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Financial Statements

The financial statements of the Company for the past three fiscal years and the latest period can be summarized as follows:

STATEMENTS OF FINANCIAL POSITION	FY2019 (Million Baht)	FY2020 (Million Baht)	FY2021 (Million Baht)
Cash	4,993.56	5,105.17	4,235.60
Fixed deposits at banks under obligation	39.28	38.97	44.33
Accounts receivable	86,269.80	75,839.34	80,076.40
Other receivables	942.04	826.61	518.10
Derivative assets	-	-	376.18
Receivables per currency swap contracts	361.13	-	-
Other current assets	75.64	103.07	101.35
Investment in associate	25.43	-	-
Investment in equity securities designated at fair value through profit or loss	-	5.06	5.06
Investment in equity securities designated at fair value through other comprehensive income	-	-	144
Other long-term investments - related companies	19.07	-	-
Leasehold improvement and equipment	885.50	793.45	622.93
Right-of-use assets	-	665.75	611.07
Intangible assets	646.48	696.56	920.39
Deferred tax assets	926.00	3,122.54	2,632.29
Other non-current assets	211.68	191.98	181.69
<b>TOTAL ASSETS</b>	<b>95,395.61</b>	<b>87,388.50</b>	<b>90,469.39</b>
Short-term loans (included current portion of loans and debentures)	25,955.61	17,374.53	30,061.00
Accounts payable	522.09	556.15	269.60
Other payables	1,690.37	1,384.26	1,628.02
Accrued income tax	655.98	629.18	379.52
Long-term loans and debentures	43,387.27	45,335.63	35,441.20
Derivative liabilities	-	3,145.51	867.73
Lease liabilities	-	689.63	624.98
Payables per currency swap contracts	-	-	-
Liabilities under financial lease agreements	1,393.59	-	-
Provisions for employee benefits	393.42	478.35	463.34
Other liabilities	272.13	415.60	470.04
<b>TOTAL LIABILITIES</b>	<b>74,270.46</b>	<b>70,008.84</b>	<b>70,205.43</b>
Issued and paid-up share capital	250.00	250.00	250.00
Premium on ordinary share capital	478.00	478.00	478.00
Retained earnings			
Appropriated retained earnings			
Legal reserve	25.00	25.00	25.00
Reserve for business expansion	4,850.00	4,850.00	4,850.00
Unappropriated retained earnings	15,302.77	12,471.58	14,808.86
Other components of shareholders' equity			
Exchange differences on translating financial statements of foreign operations	(177.79)	(121.23)	(95.81)
Cumulative loss on cash flow hedges	-	(895.57)	(427.34)
Non-controlling interest	397.17	321.88	375.25
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>21,125.15</b>	<b>17,379.66</b>	<b>20,263.96</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>95,395.61</b>	<b>87,388.50</b>	<b>90,469.39</b>

STATEMENTS OF INCOME	FY2019 (Million Baht)	FY2020 (Million Baht)	FY2021 (Million Baht)
Credit card income	7,528.92	6,451.39	6,462.21
Loan income	12,065.44	11,121.33	10,367.57
Hire purchase income	754.01	1,014.31	1,073.18
Other income	2,952.59	2,714.88	2,888.47
Share of profit from investment in associate	-	-	-
Operating and administrative expenses	9,091.23	8,143.65	7,671.37
Directors and managements' remuneration	171.91	159.05	161.12
Loss on revaluation of investment	-	14.01	-
Loss on impairment of investment	-	-	-
Loss on sale of investment	0.54	-	-
Loss on sale and write-off of leasehold improvement and equipment and intangible assets	25.39	6.80	11.10
Finance cost	2,209.17	2,096.25	1,744.67
Expected credit loss	-	6,209.61	6,629.40
Bad debts and doubtful accounts	6,646.26	-	-
Share of loss from investment in associate	12.67	25.43	-
Income before income tax expenses	5,143.79	4,647.11	4,573.77
Income tax expense	1,023.56	967.08	999.88
<b>NET PROFIT</b>	<b>4,120.23</b>	<b>3,680.03</b>	<b>3,573.89</b>
<b>NET PROFIT ATTRIBUTABLE TO</b>			
Owners of the parent	3,975.36	3,689.64	3,553.04
Non-controlling interests	144.87	(9.61)	20.85
<b>NET PROFIT</b>	<b>4,120.23</b>	<b>3,680.03</b>	<b>3,573.89</b>

STATEMENT OF COMPREHENSIVE INCOME	FY2019 (Million Baht)	FY2020 (Million Baht)	FY2021 (Million Baht)
Net profit for the year	4,120.23	3,680.03	3,573.89
Other comprehensive income (loss)			
Exchange differences on translating financial statements of a foreign operations	(94.95)	57.96	75.33
Gain on cash flow hedges	-	451.28	468.24
Gain (loss) on remeasurements of defined benefit plans	(46.59)	(21.86)	71.72
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>3,978.69</b>	<b>4,167.41</b>	<b>4,189.18</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of the parent	3,874.05	4,175.63	4,118.41
Non-controlling interests	104.64	(8.22)	70.77
	<b>3,978.69</b>	<b>4,167.41</b>	<b>4,189.18</b>

STATEMENTS OF CASH FLOWS	FY2019 (Million Baht)	FY2020 (Million Baht)	FY2021 (Million Baht)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit for the year	4,120.23	3,680.03	3,573.89
Adjustments for:	(3,541.64)	(3,013.82)	(3,023.28)
	<b>578.59</b>	<b>666.21</b>	<b>550.61</b>
Operating assets (increase) decrease			
Accounts receivable and other receivables	(14,213.89)	(2,485.63)	(9,988.24)
Other current assets and other non-current assets	64.47	(8.12)	12.94
Operating liabilities increase (decrease)			
Accounts payables and other payables	194.96	38.29	(202.52)
Other current liabilities and other non-current liabilities	26.90	139.66	59.21
Proceeds from interest income	14,058.43	13,162.83	12,962.30
Finance cost paid	(2,158.14)	(2,240.67)	(1,719.68)
Income tax paid	(1,127.23)	(1,320.02)	(881.46)
Retirement benefits paid	(2.78)	(55.94)	(37.26)
<b>Net cash used in (provided by) operating activities</b>	<b>(2,578.69)</b>	<b>7,896.61</b>	<b>755.90</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceed from (paid for) temporary investments and fixed deposits at banks under obligations	(0.01)	(0.01)	(2.32)
Cash paid for purchases of leasehold improvement and equipment	(302.13)	(317.91)	(198.25)
Proceeds from sale of leasehold improvement and equipment	1.11	1.36	18.21
Cash paid for purchases of intangible assets	(345.27)	(220.33)	(291.55)
Proceeds from sale of intangible assets	0.03	1.17	1.64
Proceeds from sales of investment in subsidiary	0.46	-	-
Cash paid for investment in equity securities designated at fair value through other comprehensive income	-	-	144
<b>Net cash provided by (used in) investing activities</b>	<b>(645.81)</b>	<b>(535.72)</b>	<b>(616.27)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from (repayments for) bank overdrafts and short-term loans from financial institutions	278.70	3,011.07	(1,172.11)
Cash payments for finance lease agreements	(0.92)	-	-
Proceeds from (repayments for) long-term borrowings	3,889.50	(1,277.28)	3,003.43
Proceeds from (repayments for) long-term debentures	828.13	(7,627.70)	(1,339.60)
Cash paid for lease liabilities	-	(565.39)	(564.34)
Proceeds from (repayments for) subordinated lending	-	-	-
Proceeds from sale of written-off accounts receivable	412.59	317.14	416.87
Proceeds from ordinary shares issued of subsidiary	-	-	-
Cash paid for dividend and interim dividend	(1,240.16)	(1,121.62)	(1,306.84)
<b>Net cash provided by (used in) financing activities</b>	<b>4,167.84</b>	<b>(7,263.78)</b>	<b>(962.59)</b>
<b>Net increase in cash and cash equivalents</b>	<b>943.34</b>	<b>97.11</b>	<b>(822.95)</b>
Increase (decrease) in exchange differences on translating financial statements of foreign operations	(17.83)	14.50	(46.61)
Cash and cash equivalents at beginning of the years	4,068.05	4,993.56	5,105.17
<b>Cash and cash equivalents at the end of the years</b>	<b>4,993.56</b>	<b>5,105.17</b>	<b>4,235.60</b>

Ratio	FY2019 (%)	FY2020 (%)	FY2021 (%)
<b>Profitability Ratio</b>			
Gross Profit Margin*	40.14	39.84	38.99
Net Profit Margin	17.06	17.32	17.09
Return on Equity	20.50	19.53	19.23
Average Yield	28.84	27.05	27.54
Average Cost of Funds	2.92	3.18	2.73
Net Interest Spread	25.52	23.88	24.81
<b>Efficiency Ratio</b>			
Net Interest Income to Total Assets	23.11	21.01	21.42
Return on Assets	4.36	4.04	4.00
Asset Turnover	25.53	23.31	23.38
<b>Financial Policy Ratio</b>			
Debt to Equity (times)	3.58	4.10	3.53
Loans to Borrowings	124.56	121.10	122.41
Loans to Deposits	N/A	N/A	N/A
Deposits to Total Liabilities	N/A	N/A	N/A
Dividend Payout	31.44	30.49	36.24
<b>Asset Quality Ratio</b>			
Allowance for Doubtful Accounts to Total Loans	4.39	N/A	N/A
Allowance for expected credit loss to Total Loans	N/A	13.26	12.03
Bad Debt to Total Loans	6.17	6.92	8.40
Non-Performing Loans to Total Loans	3.67	5.77	4.86
Accrued Interest to Total Loans	2.47	2.76	2.74

Note: The Company has adjusted Gross Profit Margin by including the bad debts and doubtful accounts in calculation.



## Factors influencing the Company's operating result and financial position in the future.

### The effects of Interest rate fluctuation

Since core business of the Company is to provide several kinds of loans to the customers by using main source of fund from bank loan, issuing bonds and securitization. Therefore, direction of market interest rate and the government's policy, that factors may affect the Company's operating result and financial position in the future. These factors may influence the Company's revenues; expenses as well as operating result.

### The effects of economic condition

The overall economic condition of the country is another factor that affects population's expenditure. If purchasing power of the country's population including the Company's customers has significantly diminished, this may affect the repayment capability of both principal and interest and finally affect the Company's operating result.

### The effects of changes in Accounting Standards

1. Thai Financial Reporting Standards affecting the presentation and disclosure in the current year financial statements

During the year, the Group and the Company have adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any material impact on the Group's and the Company's financial statements.

2. Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2021

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The Group's and the Company's management will adopt such TFRSs in the preparation of the Group's and the Company's financial statements when it becomes effective. The Group's and the Company's management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any material impact on the financial statements of the Group and the Company in the period of initial application.

### Credit Rating

Pursuant to annual credit rating review for corporate by Japan Credit Rating Agency and Fitch Ratings, detail as follows;

Credit Rating Agency	Report	Credit Rating
Fitch Ratings	March 4, 2022	A-/ Stable
Japan Credit Rating Agency	February 22, 2022	A-/ Stable

### Details of overdue accounts receivable classified by business types

Consolidated Financial Statements (Information as of February 28, 2022)

	Credit Card		Hire Purchase		Loan		Debt Collection		Insurance		Total	
	Amount (MB)	%	Amount (MB)	%	Amount (MB)	%	Amount (MB)	%	Amount (MB)	%	Amount (MB)	%
Less than 3 months	38,127.77	96.96%	5,400.28	86.13%	43,235.96	95.50%	60.23	100.00%	101.75	100.00%	86,925.99	95.49%
3 months and up	1,195.95	3.04%	869.66	13.87%	2,036.26	4.50%	-	0.00%	-	0.00%	4,101.87	4.51%
Total	39,323.72	100.00%	6,269.94	100.00%	45,272.22	100.00%	60.23	100.00%	101.75	100.00%	91,027.86	100.00%

### Bad debt categorized by business type

	FY2019 (MB)	FY2020 (MB)	FY2021 (MB)
Credit Card	1,819.73	607.11	851.02
Hire Purchase	68.06	1,431.43	1,994.71
Personal Loan	3,676.74	4,024.32	4,788.87
<b>Total</b>	<b>5,564.53</b>	<b>6,062.86</b>	<b>7,634.60</b>

### Financial Liquidity

As at February 28, 2022, the Company and subsidiaries recorded cash balance of 4,236 million baht, decrease by 869 million baht from previous year, which can be categorized as follows:

- Net cash provided by operating activities of 756 million baht mainly resulted from an increase of accounts receivable.
- Net cash used in investing activities of 626 million baht mainly resulted from investment in fixed assets and software, and intangible assets.
- Net cash used in financing activities of 963million baht mainly from long-term loans and short-term loans from financial institutions.

Combined the net decrease in cash and cash equivalents of 823 million baht and decrease in exchange differences on transactions financial statement of foreign operations of 47 million baht with beginning cash balance of 5,105 million baht, the Company had ending cash balance at the end of the fiscal year 2021 in the amount of 4,236 million baht accordingly.

## Management Discussion and Analysis

### Fiscal year ended February 28, 2022

AEON Thana Sinsap (Thailand) Public Company Limited (“the Company”) has already submitted the audited financial statements for the year ended February 28, 2022 which were audited by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The operating performance is summarized as follows.

#### Overview

According to the Bank of Thailand and Office of the National Economic and Social Development Board data, the Thai economy in the fiscal year 2021 expanded by 1.6% (y-y), recovering from a contraction of 6.2% from previous year, that because an increase of export and private consumption, as well as an expansion of government investment. In addition, the domestic tourism sector also improved due to the government continued relaxing disease prevention and control measures. However, Thailand still has a risk of a new wave of COVID-19 epidemic and a conflict of Russia-Ukraine in the early of March, 2022 that surged in oil prices and the global inflation.

The company performance of the fiscal year of 2021, the Company has total sales increase by 5% y-y. As a result of an increase of new spending volume and new products to be in line with digital strategy plan.

As of February 28, 2022, the Company had total cards as below;

Number of AEONTS Cards and Networks	February 28, 2021	February 28, 2022
Number of Credit Cards (million cards)	2.95	3.07
Number of Member Cards (million cards)	6.24	6.34
Branches	103	101
Bangkok	29%	30%
Province	71%	70%
ATMs (machine)	411	389
Affiliated Dealers	6,463	6,328

For overseas business in Cambodia, Myanmar and Laos, there are active customers more than 128,002 with representing 5% of total customers.

## Summary of Consolidated Financial Results

### 1. Operating Results

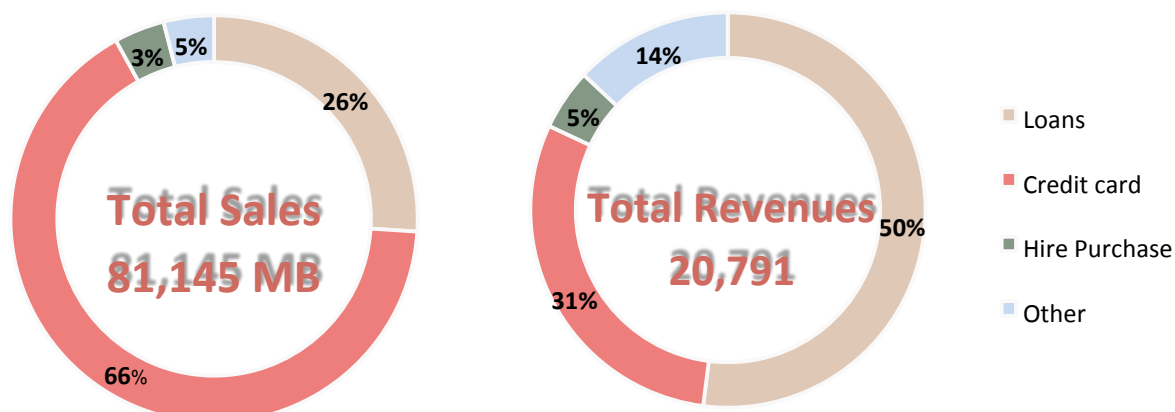
Profit and Loss Statement (Consolidated) Unit : Million Baht	Consolidated					Separate		
	4Q/21	%QoQ	FY20	FY21	%YoY	FY20	FY21	%YoY
Credit card income	1,642	-2%	6,451	6,462	0.2%	6,686	6,370	-5%
Loan income	2,572	-1%	11,121	10,368	-7%	10,636	10,209	-4%
Hire-purchase income	268	-2%	1,014	1,073	6%	307	309	1%
Other income	712	7%	2,715	2,888	6%	1,826	2,829	55%
<b>Total Revenues</b>	<b>5,194</b>	<b>-0.3%</b>	<b>21,302</b>	<b>20,791</b>	<b>-2%</b>	<b>19,455</b>	<b>19,717</b>	<b>1%</b>
Operating and administrative expenses	1,987	2%	8,303	7,832	-6%	7,176	7,029	-2%
Expected credit loss	1,619	-9%	6,210	6,629	7%	5,442	5,771	6%
Finance costs	418	-2%	2,096	1,745	-17%	2,111	1,826	-14%
Other expenses	3	200%	46	11	-76%	38	10	-74%
<b>Total Expenses</b>	<b>4,026</b>	<b>-3%</b>	<b>16,655</b>	<b>16,218</b>	<b>-3%</b>	<b>14,767</b>	<b>14,636</b>	<b>-1%</b>
Profit before tax income	1,169	11%	4,647	4,573	-2%	4,688	5,081	8%
Income tax expenses	231	5%	967	1,000	3%	877	947	8%
<b>Net profit for the period</b>	<b>911</b>	<b>12%</b>	<b>3,690</b>	<b>3,553</b>	<b>-4%</b>	<b>3,811</b>	<b>4,133</b>	<b>8%</b>
<b>Earnings Per Share (Baht per share)</b>	<b>3.64</b>	<b>12%</b>	<b>14.76</b>	<b>14.21</b>	<b>-4%</b>	<b>15.24</b>	<b>16.53</b>	<b>8%</b>

### Revenues

In the fiscal year ended February 28, 2022, the total consolidated revenues were 20,791 million baht, decreasing of 510 million baht or 2% y-y. The decreased in revenues was a result of overseas operating result that were affected by the COVID-19 and politics in Myanmar as well as the Bank of Thailand cut the ceiling rates of interest rates on credit card from 18% to 16% per annum and personal loan from 28% to 25% per annum since August 1 last year. In the fourth quarter of 2021, the Company's revenue were 5,194 million baht, decreasing of 17 million baht or 0.3% q-q but increase by 4% y-y due to reduction of debt collection fee from 100 baht to 50 baht per round for debtor (one installment past-due) Notification of Debt Collection Supervisory Committee, which effective September 13, 2021 onward.

However, our revenue from bad debt recovery for the fiscal year 2021 were 1,423 million baht grew by 16% y-y and for the fourth quarter of 2021 were 404 million baht increased 6% q-q and 19% y-y respectively. Details of each business can be described as follows:

## Sales and Revenues Structure for the fiscal year of 2021



### - Credit Card

For the fiscal year 2021, credit card sales accounted for 66% of total turnovers with revenue of 6,462 million baht, an increase of 11 million baht or 0.2% y-y. For the fourth quarter of 2021, credit card revenue was 1,642 million baht, an increase of 79 million baht or 5% y-y. For credit card customers expanded by 4% y-y and the Company launched “AEON Wellness Platinum Card” in the fourth quarter of 2021. A card fits into lifestyle of health together with exclusively privileges up to 15% discount at participated Hospitals and Pharmacy. For overseas business, AEON Specialized Bank (Cambodia) Plc had credit card revenue in the fiscal year of 2021 of 120 million baht, grew by 13% y-y.

### - Loans

For the fiscal year 2021, loans shared 26% of total turnovers with the revenue of 10,368 million baht, a decrease of 754 million baht or 7% y-y mainly from a reduction in interest rate ceiling for personal loan by 3%. In the fourth quarter of 2021, loans revenue was 2,572 million baht, an increase of 47 million baht or 2% y-y. Moreover, loan income from AEON Specialized Bank (Cambodia) PLC of 262 million baht, dropped by 17% y-y and AEON Microfinance (Myanmar) Company Limited of 31 million baht, decreasing by 90% y-y due to impact of COVID-19 situation and political turmoil. Therefore, AEON Microfinance (Myanmar) Co., Ltd has downsized business and continued pursuing debt collection respectively.

However, the Company has been expanding more online service channels to customers and reduced the Company's operation cost. As a result, the Cardless transactions currently accounted for 78% of total personal loan sales.

### - Hire Purchase

For the fiscal year of 2021, motorcycle and used car hire purchase in Thailand and electrical appliances, mobile phones in overseas business, with the revenues of 1,073 million baht, increasing by 59 million baht or 6% y-y mainly from recovery of the hire purchase both in domestic and overseas business. In addition, hire purchase income from AEON Specialized Bank (Cambodia) Plc was 914 million baht, increasing by 0.4% y-y and AEON Leasing Service (Lao) Company Limited of 113 million baht, which was at the same level as last year.

- Others

For the fiscal year of 2021, other incomes were 2,888 million baht or 14% of total revenues, showing an increase of 174 million baht or 6% y-y. Other revenues consist of bad debt recovery, which was 1,423 million baht or 7% of total revenues, gain on sales of written-off receivables was 320 million baht, collection service income was 210 million baht, Commission income was 682 million baht, and others of 254 million baht respectively. Other revenues was mainly from the continued growth of bad debt recovery that increased by 16% y-y caused by the increased of expedite the legal process.

## Expenses

The Company's expenses mainly consist of operating and administrative expenses, expected credit loss and finance cost. For the fiscal year of 2021, the Company had total consolidated expenses of 16,218 million baht, a decrease of 437 million baht or 3% y-y. For the fourth quarter of 2021, the consolidated expenses were 4,026 million baht, an increase of 512 million baht or 15% y-y but decrease of 3% q-q. Details of expenses are shown as follows:

- Operating and Administrative Expenses and other expenses

For the fiscal year of 2021, the consolidated operating and administrative expense and other expenses were 7,844 million baht, decreasing by 6% y-y. The decrease in operating and administrative expense was mainly from the reduction of personal expense 3%, transportation expense 30% and marketing expense 14% as well as a decrease in space of property expenses 11% compared with the last year. For the fourth quarter of 2021, the consolidated operating and administrative expenses were 1,987 million baht, a decrease of 173 million baht or 8% y-y but increase by 2% q-q. However, the Company still maintained effective operating cost control with cost to income ratio at 38% of total revenues. Considering the Company's separate financial statement, the operating and administrative expenses as a percentage of revenues was 36% in the fiscal year of 2021.

- Expected Credit Loss

The consolidated expected credit loss in the fiscal year of 2021 amounted to 6,629 million baht, increasing by 7% y-y. For the fourth quarter of 2021, the Company recorded expected credit loss of 1,619 million baht, increasing by 83% y-y but decrease by 9% q-q due mainly to new sales in the fourth quarter of 2021 increase 17% y-y and 14% q-q. Net credit cost was at 5.8% reduced from 6.0% in the third quarter of 2021.

- Finance Cost

The Company recorded consolidated finance cost in the fiscal year of 2021 of 1,745 million baht, decreasing by 17% y-y. For the fourth quarter of 2021, the finance cost was 418 million baht, decreasing by 11% y-y and 2% q-q, which the portion of finance cost in the fourth quarter of 2021 was 8% of total revenues. The average funding cost in the fourth quarter of 2021 was at 2.41% decreased from 2.57% last year.

## Net Profit

For the fiscal year of 2021, consolidated operating income was reported at 4,574 million baht, a decrease of 73 million baht or 2% y-y. The Company recorded net profit of 3,553 million baht, a decrease of 137 million baht or 4% y-y, earning per share was 14.21 baht due to net loss from Company's subsidiary in Myanmar of 348 million baht. For separate net profit of 4,133 million baht increased by 8% y-y respectively.

For the fourth quarter of 2021, the Company had consolidated operating income of 1,169 million baht, a decrease of 323 million baht or 22% y-y but increase by 11% q-q. The Company reported net profit attributed to owners of the parent of 911 million baht, a decrease of 273 million baht or 23% y-y but increase by 12% q-q due mainly from continued growth of bad debt recovery increase by 6% q-q and expected credit loss decrease by 9% q-q. The Company earning per share of the fourth quarter was 3.64 baht.

## 2. Financial Status

Statement of Financial Position	February 28, 2021	February 28, 2022 (TFRS 9)	Change
Unit : Million Baht			%YoY
Accounts Receivable	87,433	91,028	4%
Total Assets	87,389	90,469	4%
Total Borrowing	62,710	65,418	4%
Total Liabilities	70,009	70,205	0.2%
Total Equities	17,380	20,264	17%
ROE	19.5%	19.2%	-2%
ROA	4.0%	4.0%	0%
D/E Ratio	4.0	3.5	-13%

### Total Assets

As of February 28, 2022, consolidated total assets were 90,469 million baht, an increase of 3,081 million baht or 4% from 87,389 million baht as of February 28, 2021 due to new sales in domestic increase by 5% y-y. The main assets were attributed to the portfolio of net account receivables which shared 88% of total assets.

#### - Accounts Receivable

The Company has accounts receivable of 91,028 million baht as of February 28, 2022, increased by 4% from as of February 28, 2021 due to increase of number of credit cards and spending and relaxing disease prevention of COVID-19. This can be categorized by business type as follows: credit card receivable of 39,324 million baht, increasing by 9% y-y; loans receivable of 45,695 million baht, increased by 1% y-y; hire purchase receivable of 5,891 million baht, increasing by 1% y-y and others receivable of 117 million baht decreased by 29% from last year accordingly.

#### - Allowance for expected credit loss

As of February 28, 2022, the Company provided allowance for doubtful accounts of 10,951 million baht or 12% of total accounts receivable, decreasing from 11,593 million baht or 13% of total accounts receivable at the end of previous fiscal year. The delinquent account receivables for 3 months and up was 4.5% in the fourth quarter decreasing from 5.2% in the end of last year. For default receivables in credit risk (NPL Stage 3) was 4.9% decreasing from 5.8% at the end of previous year as a result from caution on new loan and customer's relief measures from COVID-19 situation. In the end of fourth quarter of 2021, the consolidated coverage ratio of allowance for expected credit loss to NPL (NPL Coverage ratio) was at 247% increased from 230% from fiscal year of 2020 but decreased from 255% from last quarter.

However, the Company has set management overlay for hedging risk of the economic factor, inflation and constantly rising oil price in the amount of 1.3 billion baht and also set aside for upcoming ended BOT relief measure.

## Liabilities

The consolidated liabilities of the Company as of February 28, 2022 totaling 70,205 million baht, a decrease of 197 million baht or 0.3% from 70,009 million baht at the end of previous year. There were both short-term and long-term borrowings totally 65,418 million baht, increasing by 4% from the end of last year. The portion of long-term borrowings was 35,357 million baht or represented 54% of total borrowings. To manage risk that might occur from the fluctuation in currency. The Company has entered cross currency interest rate swap contracts to hedge its debt. In addition, the Company has unused unsecured revolving credit facilities 7,870 million baht and 3,000 million baht unused committed facilities with various financial institutions which is enough to drive the Company's operation. The Company also has the debentures totaling 3,800 million baht that will mature within 12 months, which the Company can issue new debentures or use a working capital to repay as scheduled.

## Shareholders' Equity

As of February 28, 2022, total shareholders' equity amounted to 20,264 million baht, an increase of 2,884 million baht or 17% from the end of fiscal year 2020, Book value as of February 28, 2022 was 79.6 baht per share, increased from that of 68.2 baht per share as of February 28, 2021.

Debt to Equity ratio as of February 28, 2022 was at 3.5 times decreased from 4.0 times at the end of 2020. Return on Equity (ROE) and Return on Asset (ROA) for the fiscal year of 2021 are 19.2% and 4.0%, respectively.

Key Financial Ratio	3Q21	4Q21	FY20	FY21
Net Profit Margin (%)	17.0%	17.5%	17.3%	17.1%
Interest Coverage ratio (Times)	3.2	3.7	3.2	3.6
Allowance for Expected Credit Loss/ Total Receivables (%)	12.3%	12.0%	13.3%	12.0%
NPL Coverage Ratio (%)	255%	247%	230%	247%
Cost to Income (%)	37.4%	38.2%	39.0%	37.7%
Book Value per Share (Baht)	74.8	79.6	68.2	79.6
EPS (Baht)	3.26	3.64	14.76	14.21



## Information of Impacts from Covid 2019

### Impacts from Covid 2019

<b>1. Operation</b>	<input checked="" type="checkbox"/> affected <input type="checkbox"/> Not affected
<ul style="list-style-type: none"> <li> <b>Pandemic outbreak among employees</b>            According to Covid-19 situation, there are positive test of Covid-19 among company employees however the company provide all employee to get screen for covid-19 by using Antigen Test Kit (ATK) in order to detect and take care employee who close to an infected person. The company focus on health and safety of employees at high level and compliance with prevention guidelines of Covid-19 infection of ministry of health.         </li> <li> <b>Halting of operations</b>            According to Covid-19 situation, aeonts branches in department store was affected from branch closure during July and August coupled with government measures caused a decreasing in the number of customers (service users) at aeonts branch in 2021. The province that have more than 1 branch was the most affected by decreasing in the amount of service using by customers. Therefore, the company branches was closed in 2021 are CentralPlaza Nakhon Ratchasima and Aeon Sriracha branch.         </li> </ul> <p><u>Key solutions that the company has implemented during the COVID-19 epidemic are:</u></p> <ol style="list-style-type: none"> <li> <b>Work at Office</b> The Company provides staffs a strict control measures to comply such as checking body temperature before entering the office, requires to wear a face mask all the time while working at the office, provides alcohol gel, hand sanitizers for employees, assigning Team A and B for work shift. The company also require staff to keep social distancing during working or meetings.         </li> <li> <b>Work From Home</b> The Company provides laptop for employees and allows them to work from home to reduce the risk of spreading of COVID-19         </li> <li> <b>Stay at Home</b> In the event of a severe situation, or the top highly risky area declared by the government including an announcement of any lock down in some areas. The Company cooperates with the government by considering to close branches in such the announced area and to allow local employees to stay at home for staff safety.         </li> <li> <b>Employee vaccinations</b> The Company support employees to get vaccinated with the number of employees who got a third dose (Booster doses) of 51% of all number of employee.         </li> </ol> <p>Besides, the Company keep monitor the spreading of COVID-19 situation, government announcement and risk or impact from Covid-19 that might occur through Crisis Management Meeting in order to find the guideline solution in time</p>	
<b>2. Financial</b>	<input type="checkbox"/> affected <input checked="" type="checkbox"/> Not affected
-	
<b>3. Balance sheet and performance</b>	<input type="checkbox"/> affected <input checked="" type="checkbox"/> Not affected
-	
<b>4. Contractual obligations</b>	<input type="checkbox"/> affected <input checked="" type="checkbox"/> Not affected
-	
<b>5. Threats to viability</b>	<input type="checkbox"/> affected <input checked="" type="checkbox"/> Not affected
-	
<b>6. Others</b>	<input type="checkbox"/> affected <input type="checkbox"/> Not affected
-	

# 5

## **General information and other material facts**

## 5. General information and other material facts

### • Issuer of Securities

#### **AEON Thana Sinsap (Thailand) Public Company Limited**

Business	Credit Card, Personal Loan and Hire Purchase
Head Office	388 Exchange Tower, 27 <sup>th</sup> Floor, Sukhumvit Road Khwaeng Klongtoey, Khet Klongtoey, Bangkok 10110
Registration Number	0107544000078
Website	<a href="http://www.aeon.co.th">http://www.aeon.co.th</a>
Tel.	0-2302-4400 (Call Center 0-2665-0123)
Fax.	0-2689-4470
Authorized share capital	Ordinary shares 250,000,000 baht
Issued and paid up share capital	Ordinary shares 250,000,000 baht
Par Value of share	1 baht

### • Juristic person which the Company has more than 10% of ownership

#### **ACSI (Thailand) Co., Ltd. (100% of ownership)**

Business	Life and Non-life Insurance Brokerage Services
Head Office	159/22 Sermmitr Tower Building, 14 <sup>th</sup> Floor, Sukhumvit 21 (Asok) Road, Khlong Toey Nua, Watthana, Bangkok 10110
Tel.	0-2689-7111
Fax.	0-2689-7141-2
Website	<a href="https://www.aeoninsurance.co.th">https://www.aeoninsurance.co.th</a>
Authorized share capital	Ordinary shares 100,000,000 baht
Issued and paid up share capital	Ordinary shares 100,000,000 baht
Par Value of share	10 baht

Note: AEON Insurance Service (Thailand) Co., Ltd. ("AIST") has returned the insurance broker license to Office of Insurance Commission (OIC) and AIST has changed its name with the Department to Business Development, Ministry of Commerce, to be ACSI (Thailand) Co., Ltd. which effective January 4, 2022 onward.

#### **ACS Servicing (Thailand) Co., Ltd. (100% of ownership)**

Business	Debt Collection Service and Legal Service
Head Office	699 Modernform Tower Building, 11 <sup>th</sup> Floor, Si Nakharin Road, Khwaeng Pattanakarn, Khet Suan Luang, Bangkok 10250
Tel.	0-2769-1700
Fax.	0-2722-8262
Authorized share capital	Ordinary shares 148,000,000 baht
Issued and paid up share capital	Ordinary shares 148,000,000 baht
Par Value of share	10 baht

**AEON Leasing Service (Lao) Company Limited (100% of ownership)**

Business	Leasing Business
Head Office	ASEAN Road, 1 <sup>st</sup> & 3 <sup>rd</sup> Floors, Building S 16, Sky City Project, Unit 10, Sibounheuang Village, Chanthabouly District, Vientiane Capital, Lao PDR
Tel.	856 (0) 21-225333
Fax.	-
Authorized share capital	LAK 28,000,000,000
Issued and paid up share capital	LAK 28,000,000,000
Par Value of share	LAK 10,000

Note: The Company holds shares indirectly through ACS Servicing (Thailand) Company Limited with 3.71%

**AEON Microfinance (Myanmar) Company Limited (100% of ownership)**

Business	Microfinance Business
Head Office	Room No. (210-212), Building (D), 2 <sup>nd</sup> Floor, Pearl Condo, Kabaraye Pagoda Road, Bahan Township, Yangon, Myanmar
Tel.	95-9-969712111
Fax.	95-1-430653
Issued and paid up share capital	MMK 17,021,811,000
Par Value of share	MMK 1,000

**AEON Specialized Bank (Cambodia) PLC (50% of ownership)**

Business	Specialized Bank Business
Head Office	6th Floor (S603) of Diamond Twin Tower, Street Sopheak Monkul, Corner of Koh Pich, Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Cambodia.
Tel.	855-23-988-555
Authorized share capital	USD 20,000,000
Issued and paid up share capital	USD 20,000,000
Par Value of share	USD 1

Note: The Board of Director approved to waive the pre-emptive rights to subscribe the additional issuance of AEON Specialized Bank (Cambodia) PLC. The proportion of shareholding of the Company decreased from 80% to 50%. This transaction was approved by the National Bank of Cambodia and registered the increase of authorized shares capital since April 24, 2018, accordingly.

**ATS Rabbit Special Purpose Vehicle Company Limited (48.75% of ownership)**

Business	Special Purpose Vehicles (SPV) under the Royal Enactment on Special Purpose Juristic Persons for Securitization
Head Office	388 Exchange Tower, 27 <sup>th</sup> Floor, Sukhumvit Road Khwaeng Klongtoey, Khet Klongtoey, Bangkok 10110
Tel.	0-2302-4780
Authorized share capital	Ordinary shares 39,800 baht, Preferred shares 200 baht
Issued and paid up share capital	Ordinary shares 39,800 baht, Preferred shares 200 baht
Par Value of share	100 baht

Note: The Company has the power to control over ATS Rabbit Special Purpose Vehicle Company Limited because the Company has power to appoint the board of directors and rights to provide certain service which is significantly impacted by the performance of underlying assets and has rights to get variable return from such company under securitization project.

**Rabbit Cash Company Limited (18% of ownership)**

Business	Provide lending services through digital platform under the brand of “Rabbit Cash”
Head Office	1 Q HOUSE LUMPINI Room No. 2701, 2704 27 <sup>th</sup> Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok
Authorized share capital	Ordinary shares 800,000,000 baht,
Issued and paid up share capital	Ordinary shares 800,000,000 baht,
Par Value of share	100 baht

Note: On 29 March 2021, AEON Thana Sinsap (Thailand) Public Company Limited has entered into a Joint Venture Agreement with BSS Holdings Company Limited and Humanica Public Company Limited (the “JVA”) to incorporate a joint venture company under the name of “Rabbit Cash Company Limited”

- **Reference**

**Securities Registrar**

Located

**Thailand Securities Depository Company Limited**

The Stock Exchange of Thailand Building  
93 Ratchadaphisek Road, Dindaeng,  
Bangkok 10400, Thailand  
Tel. 0-2009-9000 Fax. 0-2009-9991

**Auditor**

Located

**Deloitte Touche Tohmatsu Jaiyos Audit Company Limited**

AIA Sathorn Tower, 23rd – 27th Floor, 11/1 South Sathon Road,  
Yannawa, Sathon, Bangkok 10120  
Tel. 0-2034-0000 Fax. 0-2034-0100

- **Other material facts**

**Legal Disputes**

The Company has no legal dispute, which

- 1) may materially effect its business operation,
- 2) may have a negative affect on the Company’s assets amounting to more than 5% of shareholders’ equity as of February 28, 2022, or
- 3) Any legal disputes beyond those occurring in the normal course of business of the Company.

# 6

## **Corporate governance policy**

## 6. Corporate governance policy

### 6.1 Overview of the Policy and Guidelines

The Company has been taking the importance of maintaining in good governance into consideration, which are generally accepted that it's a key factor in making fairness to the stakeholders, maximizing benefits to the shareholders and strengthening effectiveness of the organizations. Thus, the Company aims to encourage the Company's operations to comply with the Corporate Governance Code: "CG Code" for listed company 2017 by Securities and Exchange Commission Thailand, which are comprises five sections as follows:

#### Section 1: Right of Shareholders

The Company realizes and places importance on equality of all shareholders' rights by keeping equitably with support and facilitation all shareholders to exercise their right as both investors and owners of the Company. Shareholders are entitled to access to the information accurately, completely, timely, and transparently via the Stock Exchange of Thailand's disclosure channel and the Company's website. Furthermore, the Company encourages shareholders to exercise their rights legally such as the right to buy, sell or transfer the shares, the right to receive dividends, the right to participate in the annual general meeting, vote and make a question at the meetings of shareholders. Apart from above mentioned about the right of shareholders, the company has made additional efforts to encourage and facilitate shareholders to exercise their rights as follows:

- 1.1) The Company regularly disseminates important and necessary information to shareholders via the Stock Exchange of Thailand (SET) channel, media, publications, and also the Company's website. Moreover, the Company also set up information request channel through the E-mail addresses of Investor Relations section.
- 1.2) The Company conducted shareholders' meetings within 4 months after the end of each fiscal year.
  - In 2021, The Company held a total of 1 shareholders' meeting and no extraordinary meeting. In order to prevent the spread of COVID-19 ,on June 24, 2021 at 10:00 am the Company held the Annual General Meeting 2021 in form of electronic meeting (E-AGM) at the meeting room, 388 Exchange Tower, Sukhumvit Road, Khwaeng Klongtoey, Khet Klongtoey, Bangkok 10110. The Company published a guideline and a manual via SET's disclosure channel and company websites. The Company sent Thai and English versions of the invitation letter for the shareholders' meeting to facilitate both Thai and foreign investors, containing agenda details and related appendices together with opinion of the Board of Directors, Articles of Association relating to shareholder's meeting, proxy forms, a name list of all Independent Directors, and the criteria and procedures governing shareholders' meeting to shareholders for their consideration 15 days prior to the meeting.
  - The notice of shareholders' meeting both Thai and English language was disclosed on the Company's website at least 30 days before the meeting date. To comply with Public Limited Companies Act, B.E. 2535 (1992), the shareholders' notice was announced in the newspaper both Thai and English for 3 consecutive days.
  - For the convenience of shareholders unable to attend a Meeting, the Company provides an opportunity for them to appoint a representative, e.g., an independent director or any other person to act as proxy, using one of the proxy forms attached with the notice of the Meeting. The proxy forms prepared in compliance with the specifications defined by the Department of Business Development at the Ministry of Commerce allow shareholders to exercise their voting rights as they wish. Also attached is a profile of independent directors proposed by the Company to serve as proxies for shareholders. For institutional or foreign investors who authorize custodians in Thailand to keep and safeguard their shares, the Company will arrange for the documents and evidence required prior to

attending the Meeting well in advance to facilitate registration on the date of the Meeting.

- 1.3) The Company allowed shareholders who had pre-registered for the electronic meeting to log in a system 1 hour before the meeting time according to AGM attending manual which was previously published and sent to shareholders. Shareholders are free to send their meeting-related questions to the Company at least 15 days before of the meeting date.
- 1.4) Before start the meeting, Company Secretary clearly informed all shareholders of voting and vote counting procedures with one share being equal to one vote. The Company will provide an independent legal advisor to be observer voting counts for greater transparency to protect the rights of shareholders. The Company conducts balloting for each matter separately. In addition, approval of each resolution was based on the majority votes, except for special resolutions which required approval of no less than three-fourths of total votes of eligible voters present at the meeting.
- 1.5) For the shareholders' meeting on June 24, 2021, owing to the epidemic situation of Coronavirus disease 2019 (COVID-19), The Chairman of the company attended the meeting by online and assigned Executive Director to act as a Chairman of the meeting. There were 12 directors in attendance such meeting together with auditor and legal advisers of the Company. The Chairman of the meeting had allocated appropriate time and encouraged equal opportunities for shareholders to express their opinions and raise any questions at the meeting. Those issues and questions are also included in the minute of the meeting.
- 1.6) On the same day as the E-AGM, the Company conveyed a summary of the meeting resolutions and the voting results of each agenda to the shareholders and the public via the Stock Exchange of Thailand's disclosure channels and disclosed such minutes on the Company's website within 14 days.

## **Section 2: Equitable Treatment of Shareholders**

The company places importance on the interests for every shareholder, major or minor, individual or institutional as well as Thai or foreign investors equitably. To ensure equality and fair treatment for every shareholder, all shareholders regarded as the owners of the Company and entitled to be equitably treated on fair basis, regardless of gender, age, nationality. The Company disclosed important and necessary information to shareholders, arranged shareholders' meeting annually for shareholders to exercise their rights and participate in managing the Company fairly through the following actions:

- 2.1) The Chairman of the meeting conducts the meeting in sequence of agenda items as specified in the notice and not adding agenda items without notifying shareholders in advance, so that they may have enough time for investigation before making their decisions.
- 2.2) Shareholders have an option to appoint any Independent Directors as their proxies, and a choice over which Independent Director(s) to entrust their views by providing shareholders with a list of all Independent Directors on proxy forms that allow balloting direction, to encourage them to decide their own voting direction.
- 2.3) The Company allowed shareholders to submit questions relevant to the shareholders' meeting agenda in advance.
- 2.4) The Company has encouraged shareholders to use ballots in every agenda item by using voting tickets provided for each critical matter separately. The voting tickets are collected at the meeting and then summed with the pre-cast votes as prescribed in the proxy forms before announcing the resolution to the meeting. In 2021, the Company held the Annual General Meeting in form of electronic meeting (E-AGM). Shareholders were able to vote through electronic system for each voting agenda allowed by the Chairman of the meeting. The voting results were accordingly combine with the pre-voted in the proxy form before the announcement of the resolution of the votes in the meeting. However, electronic traffic data was collected in accordance with the requirements attached



to the notification of the Ministry of Information and Communication Technology.

- 2.5) The Company duly submits the minutes, with voting records to SET within 1 day after the meeting. Also, the Company records the minutes accurately and completely for sending to The Stock Exchanged Thailand (SET) and the Securities and Exchange Commission (SEC) within 14 days after the meeting. The minutes are also posted on the Company's website within 14 days after the meeting.
- 2.6) The Company sets up the following policies to protect directors and executive officers to exploit the Company's inside information for their own benefit.
  - The directors or executive officers, including his/her spouse and minor child, shall not use any inside information for the buying, selling, transferring or acceptance of transfer of the Company's securities before the disclosure of such information to the public or before the disclosure of financial statement of the company to the public. In addition, after the disclosure of the information, the above-mentioned person should not buy or sell (not less than 24 hrs.) securities until the public has received such information and had an opportunity to evaluate it thoroughly.
  - The Company shall educate the directors and executive officers who have responsibilities to report the possession of the securities by himself/herself, his/her spouse and his/her minor child that when the directors or executive officers including their spouse or their minor child buy, sell, transfer or accept transfer of the securities of the Company, they have duties to submit the reports of securities holding in accordance with the rules, conditions and procedures specified in the notification of the Capital Market Supervisory Board.
  - The Board of directors set up the policies to protect directors and executives to exploit the company's inside information for their own benefit. The directors and executive officers must report the buy and sell of the Company Securities to the company secretary at least 1 day in advance. Moreover the directors and executives including of their spouses and minor children, must report the holding of the change to Company Securities to the Exchange Commission, Thailand, in pursuant with Section 59 of the Securities and Exchange Act B.E. 2535 within 3 days of such buy, sell and transfer transaction.
- 2.7) The Company establishes directors and executives to report on their interests and related persons' interests to the Corporate Secretary, providing a copy of such reports to the Chairman of the Board and the Chairman of Audit Committee as specified by the Securities and Exchange Act, and report on changes in such reports.

However, the Company is now studying a process which allows each shareholder to propose agenda items for consideration at a shareholders' meeting as well as allows each shareholder to nominate Directors who must meet the qualifications of Company directorship ahead of the actual meeting date.

### Section 3 Roles of Stakeholders

The Company recognizes importance of rights of all stakeholders including shareholders, employees, customers, competitors, business partners, creditors and society and environment. It's a common duty of the Company to equally take care of every type of stakeholders, by taking actions legally with fairness as follows:

#### 1. The Company's guidelines for treatment of stakeholders

##### ● Shareholder

The Company respects shareholders' rights and responsible to the shareholders by emphasizing on sustaining business growth in order to create long-term returns to maximize shareholder value. After became listed company in 2001, the Company has continually generated dividend payment every year. The Company's key information is disclosed to the shareholders in a correct, complete, transparent and accountable manner. In addition, the Company facilitates shareholders to fully exercise their rights.

##### ● Employee

The company has recognized that the employees at all levels are valuable resources and key drivers of business success. The Company therefore recruits and hires qualified and experienced persons as well as supports good quality of life and good environment in the workplace, regularly educates the employees to ensure their standards of professional service to customers including receive a fairly benefits and reward for their dedication to the Company on yearly basis.

##### ● Customer

The Company focus important on customers' satisfaction at the first priority with the customer as always the center and provide a good quality and safety of financial service which is covering the customer needs. Meanwhile, keep the company growing and also the goodness standard for customers as follows.

- The Company persists in protect personal information of the customers. The Company established management system to control the security of personal information of customers to comply with relevant regulations. For more details about Personal Right and Data Protection please see on topic "Business Sustainability Development" ( see page 79)
- The Company has improved quality of service to increase the highest customer's satisfaction. Customers are able to give an opinion or suggestion of our branches staff by Customer Voice System with 2 topics questionnaire to the customers; "Branch staff service" and "Net Promoter Score Survey". These data will be collected every month and reported to the management for consideration of the guideline to improve and to develop our services onwards.
- The Company has launched the "Customer Satisfaction toward Contact Center" project to get feedback from the customers. Customer's call will be transferred to IVR system to evaluate after finished services and opinion questionnaire via Line, Facebook Messenger and also established a Customer Satisfaction Survey via Survey Form on the Company website.in order to continuously improve and develop customer service of the company to increase customer satisfaction.

### ● **Competitor**

The Company executes the business under a fair competition, integrity approaches, strictly comply with laws, rules and related regulations and does not seek competitors' confidential information by dishonest means and do not take advantage of competitors by unlawful means or try to damage the reputation of competitors by making malicious accusations without real information and no attempts to infringe others' copyrights or their intellectual properties. During the past year, the Company does not have any legal issues with its competitors for unfair business.

### ● **Business partner**

The company has always been realized of the importance and determine to go forward together with the business partner by doing business with fairness. The success of the business group partly from the support of partners. The company strictly treats any agreements and conditions with honorably for a long-term relationship with all partners.

- Strictly to follow guidelines and procedures of procure, selecting and evaluating the business partners.
- Require business partners to comply with international standards.
- Strictly to follow the Company's policy about the acceptance of gifts, money, or special favors from business partners
- Strengthen a good relationship with business partners.

### ● **Creditor**

The Company abides by lending terms and conditions, and all legitimate duties to creditors and debenture holders. In addition, the Company values compliance with all obligations under Securitization Law 1997, as the Company raised fund through securitization by establishing Special Purpose Vehicle Company.

### ● **Society and Environment**

The Company is aware of the responsibility towards the public and environment by supporting activities that conserve the environment and contribute to society. Create a corporate culture to encourage all employees to participate in environmental stewardship including training all level of employees to realize the importance of society and environment responsibility. For more details on ESG part or Sustainability report of the company.

## **2. Policy of anti-corruption and bribery prohibition**

The Company is against and does not accept corruption in any form. The Company has prescribed anti-corruption procedures for its activities to comply with this policy and will regularly review that these procedures comply with the relevant laws and maintain the Company's reputation. All the employees, affiliates and parties involved with the Company must strictly comply with this policy.

Executive Committee is responsible for determining the policies, monitoring and forming an effective system supporting anti-corruption in order to ensure that the senior executives intensively concern and emphasize on anti-corruption, and cultivate anti-corruption mindset as the Company's culture.

### **Policy of anti-corruption**

1. The Company has a policy to conduct business in good faith with honesty, transparency and ethical principles by focusing on fostering the attitude among its employees to oppose, correct and be responsible for corruption issues, including communicating the knowledge, understanding to all employees and performing tasks honestly and in accordance with the policy.

2. The Company does not accept any corruption activity which may be an offence under the law and is committed to conduct business with integrity, honesty, and fairness according to the Company's commitment to prescribe and enforce effective anti-corruption measures.
3. The Company will cooperate and support anti-corruption activities by promoting and participating in monitoring, auditing and having mechanism to monitor and control the exercise of power to be appropriate, transparent and efficient as well as to act in compliance with the anti-corruption laws.
4. The Company shall set the standard for the investigation procedure for trials to be effective and in compliance with the operation of the appointment of the Disciplinary Working Team (ISMS-PC-04-13), and operation for appointment of the Disciplinary Working Team for Fraud Case (ISMS-PC-04-14) which are considered part of this policy.

### **Scope of Policy**

1. This policy applies to employees of the Company and employees of the affiliated company operating at all levels, including employees of the Company's or affiliates' branches and/or other related parties.
2. The policy regarding the Company's employment contracts states that all employees must comply with the rules, regulations and policies of the Company. Compliance with this policy is in accordance with the terms of the relevant employment contract or any agreement between the Company and the employees.
3. If this policy conflicts with or differs from other policies of the Company, the affiliates or the relevant regulations and laws, the stricter policies, regulations, and laws must be adhered to.
4. The Company determines that its affiliates shall implement the anti-corruption policy of each company in accordance with this policy.

### **Corruption Risk Assessment Measures**

The Company shall implement risk assessment to determine which cases are considered to have a high risk of corruption as follows;

1. Planning
2. Gathering and analyzing data
3. Risk identification
4. Risk level assessment
5. Gathering information on the existing risk control measures and remaining risk assessments
6. Use the risk assessment data to implement appropriate anti-bribery measures, and reporting the results. The corruption risk assessment form is deemed as the part of this policy.

### **Internal Communication**

The Company has established channels for communicating the policy and procedures regarding anti-corruption act including the approval process, the practice for avoiding or denying corrupt behavior. The company provides various channels for reporting corruption information, complaints or suggestions within the Company; for example, via the intranet within the organization, email, new employee orientation program in order to give employees a better understanding of the anti-corruption policy.

### **Whistleblower Protection**

1. The Company encourages and is open to employees to report actual offenses under this policy, even if it is found later that such report is based on a misunderstanding. The company has no policy to demote, punish or cause negative effect on employee who refuses to commit corruption, even if such action will cause the Company to lose a business opportunity.
2. The company promises that no employee shall be adversely affected by the denial of participation in corruption, including well-intention reporting of suspicious behavior of bribery, or other fraud that occurs or may occur in the future.
3. If an employee is subject to unfavorable treatment due to whistle blowing. He/She must report such treatment immediately to the supervisor, senior management of the department /or supervisor in the line of work.

### **3. Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation of Weapons of Mass Destruction: AML/CFT/WMD**

In order to ensure that the compliance with the laws concerning Anti-Money Laundering, Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction (AML/CFT/WMD) is completely, successfully and efficiently made as per applicable laws, the Company therefore implements the following policies:

1. The Company supports and is ready to comply with the laws concerning Anti-Money Laundering, Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction by ensuring that the customer identification and due diligence, transaction report and compliance with other duties and obligations as required by the applicable laws are completely made.
2. The Company determines to have subordinate policies and guidelines for conformity with the main policies on Anti-Money Laundering, Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction which covers the following topics: customer acceptance, customer identification, customer due diligence, risk assessment and management, transaction record and report, customer rejection or customers' relationship discontinuation in case customer has their risks concerning Anti-Money Laundering, Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction. Such subordinate policies and guidelines shall be regularly reviewed and kept up-to-date.
3. The Company controls, supervises, enhances and supports the Company's staffs to have knowledge and understanding on the compliance with the applicable laws, policies and guidelines regarding Anti-Money Laundering, Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction as well as provides training of such as per the training policy of the Company to the Company's staffs so that the Company's staffs are able to work correctly and efficiently.
4. The Company arranges to have its internal audit regarding the compliance with the main and subordinate policies as well as guidelines on Anti-Money Laundering, Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction by ensuring that the internal audit is independently made without intervention by any other departments.
5. The Company determines to have risk treatment policy on Anti-Money Laundering, Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction which may occur prior to introduction of new products or services or implementation of new technology or electronics network as per the requirement of the applicable laws. The Company also determines to have review and adjustment of such for conformity with the system updates on regular basis.

The Company has appointed Managing Director, to be the Chairman of AML/CFT Committee.

#### 4. Channels for Complaints and Whistleblower Protection

The Company has more focus on the Good Corporate Governance by defining the policy as the major priority which all Management and staffs must strictly conduct and quickly examine. The Company keeps providing many courses of Code of Conduct program to all staffs per year.

The Company has ensured the establishment of communication channels through which the stakeholders can make convenient and fast contact with the Company to ask for information, express their complaints in case their rights are violated or whistleblower to the Company of any races as follows:

- Our 100 branches nationwide
- Call Center at 02-665-0123
- Email: [csd@aeon.co.th](mailto:csd@aeon.co.th)
- Contact with Investor Relations: [ir@aeon.co.th](mailto:ir@aeon.co.th)

The Company provides a clear procedure and system for complaints whether or not the whistleblower gives their name. Complaints, including the whistleblower's information, will be treated as confidential; they cannot be accessed by unrelated persons. In case of complaints received, ombudspersons will record and solve them under appropriate procedures without delay. The findings will also be reported to the executives or the Board of Directors, as the case by case.

Moreover, the Company has set up the channels of unfair treatment appeal which staff can use this channel to report in details to Top Management in case that he/she gets effect from the issues that being inappropriate conducts by either Supervisor or Colleague. Those cases will be taken action immediately and the staff who reports must be covered as the high confidential. The Committee or responsible section will take charge to investigate and to find the best solution, and the directly report to top Management, respectively. Those channels are consisted of E-mail, and company contact number.

## Section 4 Information Disclosure and Transparency

### 1. Disclosure of Information

Information disclosure is a crucial principle for Good Corporate Governance. The Company has set up policy, approved by the Board of Directors, relating to information disclosure for external parties in order to ensure that such disclosure information; financial and non-financial information, is accurate, adequate, timely, and equally accessible by all related recipients and also complies with related laws and regulations. Apart from annual disclosure 56- 1 One report most of the information is posted on the Company website in Thai and English with regular updates, thus helping shareholders, customers and interested persons to access the information with ease, equality and reliability.

The Company also disclosed other financial transactions and press release to analysts and investors through the Company's website ([www.aeon.co.th](http://www.aeon.co.th)). The Investor Relations also communicated with investors through conference calls and email on regular basis.

The financial information, particularly the financial statements have been reviewed/ audited by the external auditor in accordance with generally accepted auditing standards. These financial statements have been reviewed by the Audit Committee and endorsed by the Board of Directors before disclosure to the public. The Board also reports its responsibility to financial reports in the 56-1 One Report. For non-financial information such as connected transactions, management discussions, analysis, risk management information, and the Company's corporate governance, The Company has published such information in the 56- 1 One Report for the benefit of shareholders, investors, and analysts. All disclosed information is disseminated in both Thai and English version on the Company's website, and its accuracy has been regularly maintained and reviewed.

In addition, the Company also discloses other information such as background of the directors, the duties of the Board of Directors, number of meeting and attendance of each director, the remuneration of directors and managements, change in shareholding of Board of Directors and Management, and etc. , in 56-1 One Report annually.

The Company discloses information on shareholding of director and executives, both directly and indirectly (including spouses and their minor children), in the 56-1 One Report under the topic, "Change in Shareholding of Board of Directors and Management.

## 2. Investor Relations

The Investor Relations section has been assigned to take the responsibility of providing and disseminating information and activities of the Company of the benefits with institutional and individual investors, stock analysts, shareholders, and other people. Investors and interested parties can contact Investor Relations section directly for the Company's information, including financial statements, 56-1 One Report, and notifications to SET/SEC, etc.

### Investor Relations contact information

Address : AEON Thana Sinsap (Thailand) Public Company Limited  
388 Exchange Tower, 27<sup>th</sup> Floor, Sukhumvit Road  
Khwaeng Klongtoey, Khet Klongtoey, Bangkok 10110

Website : <http://www.aeon.co.th> (select "Investor Relations")

Telephone : 0-2302-4721-3

Fax : 0-2302-4470

E-mail : [ir@aeon.co.th](mailto:ir@aeon.co.th)

The Company has regularly conducted company visit for both domestic and international analysts and investors and according to Covid-19 situation the company mainly joined/hold the meeting via online platform. Fiscal Year 2021, the Company shows details as below:

Forms of activities	Number of times	Number of Company
Conference call + Online meeting	38	259
Analyst through yearly analyst meeting	2	31
<b>Total</b>	<b>40</b>	<b>290</b>



## **Section 5 Responsibilities of the Board**

### **Term of Office**

In terms of office, the Board of Directors has established directorship term in the Articles of Association of the Company which states that at each annual ordinary meeting of shareholders, one-third (1/3) of the directors shall retire. If the number of directors is not a multiple of three, the number of directors closest to one-third (1/3), but not in excess of one-third (1/3), of the total number of directors shall retire. In addition, a director who vacates his office may be re-elected.

### **Directorship of Executive Directors in Other Companies**

The Company imposed the guideline that the Company's Executive Directors are able to hold directorship in not more than 5 other companies in order to ensure that the executive directors have sufficient time to perform their duties and work efficiency in conformity with the principle of good corporate governance for listed companies that imposed by the Securities and Exchange Commission. The details of directorship held by the Company's Executive Directors in other companies reported in attachment1.

### **The Board of Directors' Authorization**

The Board of Director is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company's Articles of Association, the Board Charter, and the Shareholder Meeting resolutions. Such matters include defining and reviewing corporate vision, mission, operating strategies, operating plans, risk management policy, annual budget and business plans, defining of the target operating results and also material connected transactions.

### **The Board of Directors' Meetings**

The meeting of the Board of Directors shall be held at least once every three (3) months. However, additional meetings may be scheduled as required. To facilitate the Directors to allocate the time and attend the meeting, the Company has the Board of Directors' meeting schedule in advance. Related document will be sent to all member of the Board of Directors at least 7 days prior to the date of meeting. Especially, for the important agendas the relevant documents shall be submitted to directors prior to the meeting for an adequate time to consider. While the Board of Directors can invite any involved executive or personnel for inquiry during the meeting.

In addition, according to the Company's Articles of Association, at a meeting of the board of directors, at least one half (1/2) of the total number of directors present shall form a quorum. The company, however, in practiced the meeting of the board of directors resolution determines the quorum of the Board of Directors while voting in the meeting there must be at least two-thirds of the directors attending the meeting. For FY2021, the summarized of the Board of Directors' average attendance was not less than 75% which was shown on Summary of the Board of Directors' and Sub-Committees' Meeting Attendance in FY2021

In each meeting, the Chairman lets each director express his opinion extensively and freely. Thus, each decision is made rationally and thoroughly. Also considering each meeting agenda item is made under the proper time. The Company provides an online meeting system to facilitate directors who cannot attend the meeting in person. Each agenda items and its resolution are recorded in writing, and the minutes of the meeting which have been affirmed by the Board. In the fiscal year 2021, the Board held a total of 13 board meetings. (Detail of the meeting and number of attendance of each director in Report on key operating results on corporate governance.).

### **Succession Planning**

The Company actively primes its management for internal rotation. As regards succession planning for Managing Director position complies with the major shareholder's policy prevails.

## 6.2 Business Ethics

- Aeon group has provided “AEON Code of Conduct” for the Board of Directors, the Management, and the employees of the Aeon group to use as a guideline in performing their duties to accomplish the Company’s goal with ethics for business conduct and practice towards related stakeholders. To review AEON Code of Conduct, the Company with the cooperation from AEON Financial Service (Japan) always provides training for management every year. In addition, the Company also provides communication channel regarding AEON Code of Conduct through intranet system in order to facilitate staff and encourage them to follow practice in the Code of Conduct.

### AEON – Commitment

- Aeon people are always grateful to the many other individuals who provide support and help, never forgetting to act with humility.
- Aeon people values the trust of others more than anything else, always acting with integrity and sincerity in all situations.
- AEON people actively seek out ways to exceed customer expectations.
- AEON people continually challenge themselves to find new ways to accomplish the AEON ideals.
- AEON people support local community growth, acting as good corporate citizens in serving society.

● The Company has clear procedures to monitor transaction that may have conflict of interest. All Directors, management, and employees strictly comply with laws and the rules, conditions and procedures specified by the Capital Market Supervisory Board and SET, particularly concerning connected transactions.

● The Board of Directors has specified the risk management policy, covering the overall organization. Risk management section has been established to be responsible for risk management and reported to the Management on monthly basis. There is electronic meeting (Online Meeting) with companies affiliated and parent company in Japan. Moreover, the Company has Internal Audit section to evaluate the efficiency of the Company’s internal control system which includes auditing, evaluating, recommending, and supporting the effectiveness improvement in risk management, control, and corporate governance.

In addition, the Company established Internal Control Office, aiming to develop internal control system throughout the Company. This is to comply with Japanese version of Sarbanes Oxley (J-SOX) Act enacted by Japanese Financial Service Agency (FSA) to be applied to all the listed companies in Japan. Their major missions are to set up the enterprise level internal control, analyzing and visualizing the major business processes, etc., in order to achieve reliability of financial reporting, effective operation and compliance with applicable laws. The Board of Directors’ meeting approved the policies of Board of Directors, Appointment of Directors, and Audit Committee in order to comply with rules and regulations of SET, SEC, and related laws and also in line with J-SOX policy since 2008.

### ● Intellectual Property Policy

The Company value and respect all related rights of intellectual property of others without doing any acts which infringe the intellectual property and will only utilize them after obtaining permission to do so.

### **6.3 Significant changes and developments in policies, practices and corporate governance systems in the past year.**

#### **Implementation of the Corporate Governance Code for Listed Companies 2021**

According to the Corporate Governance Report of Thai Listed Companies also known as “CGR” survey 2021, the Company survey result was “very good”. Nevertheless, the Company’s Corporate Governance Committee held the meeting to reconsider and rectify the Company’s policies to be in accordance with the CGR’s criteria including disclosed the responsibilities of the board which demonstrates transparency of the Company’s operations and build trust in stakeholders.

However, there were some cases that may not follow the CGR’s criteria which the explanations and the guidelines for amendment are as follow;

#### **1. The Board of Directors should consider and approve the establishment of the nominating and remuneration committee**

The Board of Directors has already acknowledged the suggestion and the current process is ongoing to consider appointing the director to be a member of the nomination and remuneration committee. In the meantime, the processes to nominate new director and determine appropriate monetary and non-monetary remuneration are defining by the resolution of the Board of Directors with the suggestion from the executive of Human Resource Department.

#### **2. The Board of Directors should set the term for the Independent Director to hold the position for a maximum of 9 consecutive years since the date of appointment.**

Due to the Board of Directors prioritized on the independence and freedom of expression, also, the Independent Director was not considered only by competence and knowledge, but also by the definition of the Independent Director by Securities and Exchange Commission (SEC). However, there’s the only 1 Independent Directors out of 5 that serves as the Independent Director for more than 9 consecutive years and still able to independently provide opinions pursuant to the relevant rules and regulations and consistently maintain the qualification of the Independent Director. Therefore, the Board of Directors has the resolution that the current Independent Director is already suitable for the position.

#### **3. The Company’s free float portion should be larger than 40 percent of the registered shares.**

In 2021, the Company free float portion is 30-40 percent of the registered shares. Although the Company’s free float portion is incompletely following the CGR criteria, the Company’s Board of Directors still take an important on liquidity of the Company’s shares. Therefore, the Board of Directors considered setting the Company’s free float to not less than 15 percent, which is in accordance with the Distribution of Minority Shareholdings regulation from the Stock Exchange of Thailand (SET).

#### **4. The Board of Directors should consider setting the limitation of the directorship in other Company not to be over than 5 companies.**

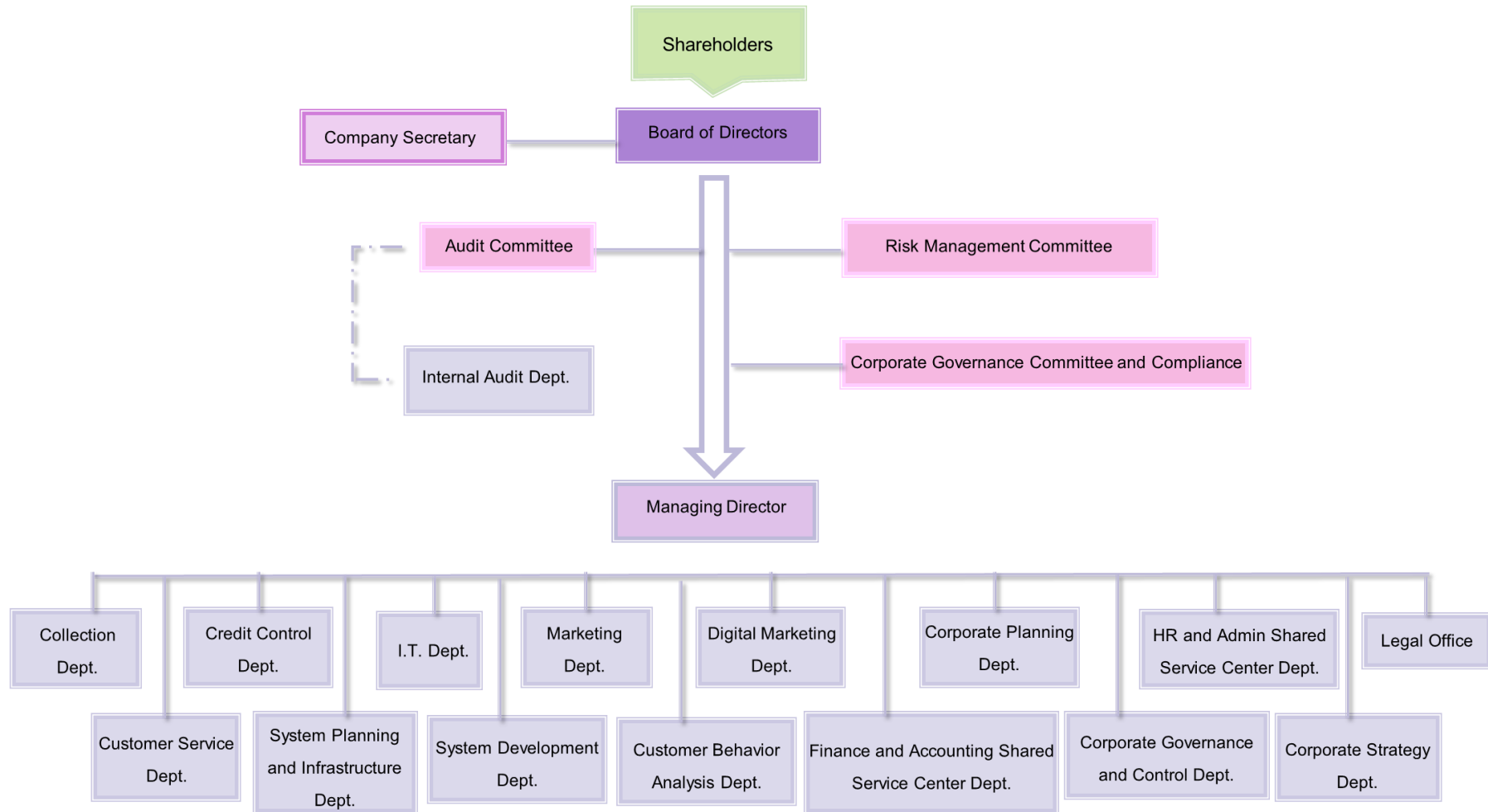
The company has 1 director holding the other Company’s directorship more than 5 companies which is non-executives directors. However, each director still outstandingly performs his/her duties and effectively gives an opinion or suggestions for the Board of Directors meeting. Furthermore, every director has the attendance portion more than 98 percent which comply with the CGR criteria.

# 7

**Corporate governance structure and material facts  
related to the board, sub-committees, executives,  
employees and others**

## 7. Corporate governance structure and material facts related to the board, sub-committees, executives, employees and others

### 7.1 Corporate Governance Structure



## 7.2 Information of the Board of Directors

### Board Structure

The Company places importance on the board structuring to create the most efficient board; making the best decision to take the Company to the expected direction. The composition of the board is considered by the board diversification strategy (Board Diversity), the board comprises directors with relevant experiences, diversity of professional backgrounds, education, nationality, and gender.

For the Fiscal Year 2021, ended February 28, 2022, the Board of Directors consists of 12 Directors as follows:

- 6 Executive Directors.
- 2 Non-Executive Directors (1 director from AEON Financial Service (Japan), and 1 outside director).
- 4 Independent Directors.

Independent directors proportionally 1/3 of total directors and the proportion of non-executive directors is 1/2 of total directors.

### The Board of Directors of the Company

As of February 28, 2022, the Board of Directors comprises 12 directors: 6 executive directors; 4 independent directors and 4 non-executive directors. The details of each director are listed below:

Members of the Board Directors	Position
1. Mr. Mitsugu Tamai <sup>1</sup>	Chairman of the Board of Directors (Non-Executive director)
2. Mr. Tsutomu Omodera	Vice Chairman of the Board and Managing Director (Executive director)
3. Mrs. Suporn Wattanavekin	Director (Executive director)
4. Mr. Nuntawat Chotvijit	Director (Executive director)
5. Ms. Suriporn Thammawatid	Director (Executive director)
6. Mr. Kazumasa Oshima	Director (Executive director)
7. Mr. Junichi Iwakami <sup>2</sup>	Director (Executive director)
8. Mr. Chatchaval Jiaravanon	Director (Non-Executive director)
9. Dr. Sucharit Koontanakulvong	Independent Director and Chairman of Audit Committee
10. Dr. Mongkon Laoworapong	Independent Director and Audit Committee Member
11. Mr. Ittinant Suwanjutha <sup>3</sup>	Independent Director and Audit Committee Member
12. Mr. Ryuichi Hasuo	Independent Director

Note: <sup>1</sup> Mr. Mitsugu Tamai was appointed to be Chairman of the Board on June 24, 2021

<sup>2</sup> Mr. Junichi Iwakami was appointed to be Director on June 24, 2021

<sup>3</sup> Mr. Ittinant Suwanjutha was appointed to be Independent Director and Audit Committee Member on June 24, 2021

### **Authorized Signatory Directors**

The authorized signatory of the Company is Mr. Mitsugu Tamai or Mr. Tsutomu Omodera or Mrs. Suporn Wattanavekin and affixed with the Company's seal

### **Role of the Board to control, governance, follow up operation with transparency and effective**

### **Scope of powers and duties of the Board of Directors of the Company**

The Board of Directors of the Company gained stakeholders' trust to operate and manage the Company's assets. Therefore, the Board of Directors has to perform his/her duty to maximize shareholder wealth and stakeholder sustainable value in keeping the business direction with the Company's vision. Furthermore, the Board of Directors of the Company must always align the operation of the Company with regard to all stakeholders, good governance, and laws. Scope of powers and duties of the Board of Directors of the Company as below:

1. A director shall perform his/her duties in compliance with the law, good governance, the Company's objectives, and articles of association of the Company as well as the resolutions of the shareholders' meeting.
2. A director shall consider and make decisions on the business strategies, plans, and any other critical operations that have an effect to the Company.
3. A director shall not operate any business which has the same nature as and is in competition with that of the Company, nor be a partner in an ordinary partnership or unlimited partner in a limited partnership, nor be a director in other limited or public limited company having a business of a similar nature competing against the business of the Company, unless they have informed the shareholders' meeting before the resolution appointing them as directors has been passed.
4. A director shall, without delay, inform the Company in case where he/she has a direct or indirect interest in any contract, which is made by the Company, or he/she holds shares or debentures of the Company or an affiliated company increasingly or decreasingly.
5. The Board of Directors shall hold at least once every three months.
6. A Director who has an interest in any resolution shall have no right to vote on such resolution.
7. At any meeting, in case of equality of votes, the chairman of the meeting shall be entitled to a casting vote.

### **Roles, Duties and Responsibilities of Chairman of the Board**

The Chairman of the Board of Directors is from AEON Financial Service Co., Ltd. (Japan), the major shareholder, and not the same person as Managing Director. The Chairman of the Board of Directors has main duties and responsibilities, as follows:

1. To Convene Board of Director's meeting or authorized person to take action instead.
2. To act as the Chairman of the Board of Directors meeting and the Shareholders meeting.
3. To promote good corporate governance standard of the Board of Director.
4. To controls and conducts meetings with efficiency and in compliance with the Company's Articles of Association and following the sequence of the agenda
5. To have a casting vote in case of tied votes in the Board of Directors meetings

### **Roles, Duties and Responsibilities of Managing Director**

The Managing Director shall have the authority and duty to manage the Company as delegated by the Board of Directors and shall perform in accordance with the corporate plan including conducting and/or managing the Company's routine tasks, and conducting activities pursuant to the policies, business plans and budget as approved by the Board of Directors. In this regard, the Managing Director can delegate the other person(s) the authority to perform his duties.

The Managing Director or the person(s) delegated by him shall not approve, involve in or transact business, or deal in which he or any person who is likely to have a conflict of interest, has an interest or is likely to have a conflict of interest of any kind with the Company or the Company's subsidiaries.

### **Roles, Duties and Responsibilities of the Board of Directors**

The Board of Directors considers and approves the important issues regarding the Company's operation such as strategies, financial goal, budget, etc., supervises the Management's performance to comply with the specified policies and plans, effectively and efficiently, and also provides the system to monitor, improve, and evaluate the Company's operation in order to achieve the Company's maximum value.

After the Company became a public limited company and the listed company in 2001, the board prepared and determined the **code of best practices** in accordance with the rules and regulations of the Stock Exchange of Thailand to provide the maximum benefit to the shareholders. The board has initially approved the principle of corporate governance policy of the Company.

The Executive Committee and the Audit Committee reviewed and approved the new principles of good corporate governance for the Company as follows:

1. Facilitate all shareholders with fair and equal treatments
2. Operate business with transparency and scrutiny, and disclose adequate information to all stakeholders and related parties
3. The responsibilities of executive committee and management must be clear and concise with check and balance control system
4. Must follow all the related rules and regulations
5. Determine to create long-term value-added to the corporate for the maximum benefit of the shareholders, mitigate conflict of interest
6. Strict to the code of corporate ethics and engage in activities that conserve the environment and contribute to society
7. Must have meeting regularly, all information must be given before the meeting according to the rule and regulations and must have a well prepared minutes and completely.



## 7.3 Information on sub-committees

### Sub-Committee

The Board has further appointed the Sub-Committee. The Sub-Committee takes responsibilities for each specific area and also reports the results to the Board of Directors for consideration and decision making. The Company disclosed detail of purposes, numbers and list of members, and Scope of power and duties of Sub-Committee as following;

#### 1. The Audit Committee

The Company's Audit Committee comprises 3 independent directors which the scope of authority and duties has considered and approved by the board, in accordance with the preliminary rules for the Audit Committee; details are according to the announcement (Qualifications and Scope of Work of the Audit Committee B.E. 2558) from the Stock Exchange of Thailand.

1. Review the Company's financial reporting process to ensure accuracy and adequacy.
2. Ensuring the Company has suitable and efficient internal control system and internal audit. The Committee shall consider the independence of the Internal Audit Office as well as approve the appointment, transfer and termination of Chief Internal Audit.
3. Review the performance of the Company to ensure compliance with the securities and exchange law, regulations of the Stock Exchange of Thailand or laws relating to business of the Company.
4. Consider select, nominate and terminate the Company's external auditor and recommend its remuneration. The Committee shall meet privately with the external auditor once a year, without the management team being present.
5. Review the disclosure of the Company in case where there is any connected transaction that may lead to conflict of interest so as to ensure the reasonable transaction and benefit to the Company.
6. Prepare a report on monitoring activities of the Committee to be disclosed in the annual report(56-1 One report) of the Company, which shall be signed by the Chairman of the Committee and contained at least the following information:
  - 6.1 An opinion on the accuracy, completeness and creditability of the Company's financial report.
  - 6.2 An opinion on the adequacy of the Company's internal control system,
  - 6.3 An opinion on the compliance with the law on securities and exchange,
  - 6.4 The Stock Exchange's regulations, or the laws relating to the Company's business.
  - 6.5 An opinion on the suitability of an auditor.
  - 6.6 An opinion on the transactions that may lead to conflicts of interests.
  - 6.7 The number of the audit committee's meetings, and the attendance of such meetings by each committee members.
  - 6.8 An opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.
  - 6.9 Other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
7. Perform anything else which was assigned by the Board of Directors of the Company together with an approval and under the scope of duties and responsibilities of the Committee

### List of Members of Audit Committee

As of February 28, 2022, the lists of members of the Audit Committee and the number of the audit committee member's attendance are listed below:

Name	Position	Number of Meetings Attended	Remark
Mr. Noppun Muangkote	Independent Director and Chairman of Audit Committee	3/3	Not in position in whole year
Dr. Sucharit Koontanakulvong <sup>1</sup>	Independent Director and Chairman of Audit Committee	8/8	-
Dr. Mongkon Laoworapong	Independent Director and Audit Committee Member	8/8	-
Mr. Ittinant Suwanjutha <sup>2</sup>	Independent Director and Audit Committee Member	5/5	Not in position in whole year

Remarks: <sup>1</sup>Dr. Sucharit Koontanakulvong was appointed to be Chairman of Audit Committee on June 24, 2021.

<sup>2</sup>Mr. Ittinant Suwanjutha was appointed to be Audit Committee on June 24, 2021.

## 2. The Governance Committee

The Governance Committee is the combination of 1) Risk Management committee and 2) Corporate Governance and Compliance committee. The Governance Committee is also recognized as "Risk Management and Compliance Committee". The policy of governance committee is latest reviewed on January 21, 2021. Board of Director reviews and determines roles and responsibilities of the governance Committee to oversee and ensure efficiency of company's risk management and compliance to regulations as well as company internal standard, this is for making a certainty to all shareholders and stakeholders of the company.

The Governance Committee is for reporting, deliberation and resolution regarding to 1) Risk management, 2) Compliance, 3) Corporate control, roles and responsibility of the committee are to identify risks associated with company business activities, monitor and control risks within acceptable level. Moreover, to ensure the company on compliance to the related regulatory, ISO standards and J-SOX audit by monitoring result. Moreover, any other responsibilities may be required as necessary for the benefit of the company as well as to ensure that company's operation to be fair, transparent, respect all the stakeholders together with the company's risk management and achievement of business goals under changing conditions in the industry, economic fluctuations, political instability, as well as other various risk factors potentially affect the company's operations.

### Scope of power and duties of Governance Committee

- 1) Consider and specify generally and professionally the policies and the plans that related to the guidelines of Corporate Governance and Compliance to propose to the board afterward.
- 2) Acknowledge the processes and follow up the results for reconsidering and enhancing each plan to make reports and proposals to the board to be acknowledged and approved afterward.
- 3) Make decisions to approve any operations added by the board, for maintenance and establishment of compliance framework of the Company.
- 4) Analyze and identify risk factors that may impact any activities associated with the Company's revenues, to improve the business operating practices, and to monitor and control risk factors to be in the acceptable risk level

The meeting of Governance Committee is arranged as monthly basis. Nevertheless, to be held in time as necessary if any urgent agenda rose with potential significant impact to company. This is to continually governance monitor and to ensure effectiveness of the corporate governance in part of Risk Management and Compliance both regulations and internal standard as well as to ensure the

company's risk management including subsidiary company that is internal and external the country. In 2021, the Governance Committee is arranged totally 12 times.

### List of the Governance Committee

The Governance Committee member is latest reviewed on July 16, 2021, which comprises of 19 members as the name list following;

Name	Position
1. Mr. Tsutomu Omodera	Vice Chairman of the Board and Managing Director
2. Mrs. Suporn Wattanavekin	Executive Director
3. Mr. Nuntawat Chotvijit	Executive Director
4. Ms. Suriporn Thammavattid	Executive Director
5. Mr. Kazumasa Oshima	Executive Director and Chief of Financial Officer
6. Mr. Junichi Iwakami <sup>1</sup>	Executive Director
7. Ms. Supanee Asawasuwana	Company Secretary and Senior Executive Vice President
8. Mr. Witchasorn Suwannakindra	Senior Executive Vice President
9. Mr. Manavudhi Mingvanich	Senior Executive Vice President
10. Mr. Somsak Hempiam	Senior Executive Vice President
11. Mr. Tawatchai Peechapat	Senior Executive Vice President
12. Mrs. Chittiporn Inoue	Senior Executive Vice President
13. Mr. Siraphop Chaisaharuek <sup>2</sup>	Senior Executive Vice President
14. Ms. Nananong Chompong <sup>3</sup>	Senior Executive Vice President
15. Ms. Gritsla Kommongkol	Executive Vice President
16. Mr. Amorn Jirachaprasitti	Executive Vice President
17. Mr. Yukinori Tagami <sup>4</sup>	Executive Vice President
18. Mr. Kosei Yahiro <sup>5</sup>	Executive Vice President
19. Mr. Jakkapan Kittananun <sup>6</sup>	Vice President

Note: <sup>1</sup>Mr. Junichi Iwakami was appointed to be Director on June 24, 2021

<sup>2</sup>Mr. Siraphop Chaisaharuek was appointed to be Senior Executive Vice President on March 1, 2021

<sup>3</sup>Ms. Nananong Chompong was appointed to be Senior Executive Vice President on September 1, 2021

<sup>4</sup>Mr. Yukinori Tagami was appointed to be member of GC committee on July 16, 2021 and has resigned from the Executive Vice President with effective on February 28, 2022

<sup>5</sup>Mr. Kosei Yahiro was appointed to be member of GC committee on July 16, 2021

<sup>6</sup>Mr. Jakkapan Kittananun was appointed to be Vice President on September 1, 2021

### 3. Executive Committee

The Company must establish the Executive Committee to make the decision in any operation as assigned by the Board of Directors for the continuity of business planning propulsion and supporting the business operation according to the Company's operational plan. Furthermore, the Executive Committee also takes responsibilities in screening the strategic plan of each department to conform to the set vision, mission, and the regulation of the Company. This practice will help to build confidence in systematic and ethical operation and management of the Company for the Board of Directors and shareholders.

#### Scope of power and duties of Executive Committee

- 1) Assist and recommend the Board of Directors in forming policies, setting goals and business plans, and the annual budget in addition to generating the operational report to update and provide important information to the Board of Directors to making the best decisions for the Company.
- 2) Consider and approve general activities relating to the Company's main business within the approved budget and resources, and afterward, report the investment and operating results to the Board of Directors.
- 3) Follow up the results of the business process and support any department's operations in order to align with the Company's business plans, mission, and vision, make sure the Company's operation is conforming to the company's code of conduct, the company's regulation, and also the laws.

- 4) Manage general activities regarding business of the company in order to reach company's goal and plan.
- 5) Consider new projects and study the feasibilities for improving the Company's operation to support the Company's missions.

The Company places importance on systematic business propulsion, which has to be monthly considered and approved by the Board of Directors. Therefore, the Company regularly held the Executive Committee meeting. In FY2021, the Company held the meetings for the Executive Committee at totally 26 times.

#### **List of the Executive Committee**

As of February 28, 2022, the Company has totaled 6 executive directors, whose names are as listed below;

<b>Name</b>	<b>Position</b>
1. Mr. Tsutomu Omodera	Vice Chairman of the Board and Managing Director
2. Mrs. Suporn Wattanavekin	Executive Director
3. Mr. Nuntawat Chotvijit	Executive Director
4. Ms. Suriporn Thammavattid	Executive Director
5. Mr. Kazumasa Oshima	Executive Director
6. Mr. Junichi Iwakami <sup>1</sup>	Executive Director

Note : <sup>1</sup>Mr. Junichi Iwakami was appointed to be Director on June 24, 2021

#### **4. PDPA Steering Committee**

The Company also decided to establish PDPA Steering Committee to foster due compliance with PDPA. The members and their roles and responsibilities of PDPA Steering Committee are as below.

##### **Name list of PDPA Steering Committee**

<b>Name-Surname</b>	<b>Position</b>
Ms. Nadanong Chompong	Senior Executive Vice President, Legal Office
Mr. Takashi Hisae (DPO)	Vice President, Compliance

In performing the following tasks, DPO shall follow the direction and recommendation as concluded by the PDPA Steering Committee.

##### **Scope of power and duties of PDPA Steering Committee**

- 1) Give advice and recommendation to the Company and internal departments about the interpretation or application of PDPA;
- 2) Handle query or complain on request by PDPC, data subject, regulatory body and any other persons;
- 3) Coordinate with the PDPC where there is data leakage, data breach, breach of PDPA or such other issues with respect to processing of personal data undertaken by the Company, data controller, data processor and service provider; and
- 4) Make any report or response, including issue official letter to PDPC, data subject, other regulatory bodies and such other persons in respect of PDPA.

### 5. Kaizen Committee

According to AEON has been developed “Kaizen” to be a part of business management which able to enhance the quality, productivity and also increase the competitive. The Company nearby appoint the Kaizen Committee as listed below.

<b>Name</b>	<b>Position</b>
1. Mr. Tsutomu Omodera	Managing Director
2. Mrs. Suporn Wattanavekin	Executive Director
3. Mr. Nuntawat Chotvijit	Executive Director
4. Ms. Suriporn Thammawatid	Executive Director
5. Mr. Kazumasa Oshima	Executive Director
6. Mr. Junichi Iwakami	Executive Director
7. Ms. Supanee Asawasuan	SEVP
8. Mr. Witchasorn Suwannakindra	SEVP
9. Mr. Manavudhi Mingvanich	SEVP
10. Mr. Somsak Hempiam	SEVP
11. Mr. Tawatchai Peechat	SEVP
12. Ms. Chittiporn Inoue	SEVP
13. Mr. Siraphop Chaisaharuek	SEVP
14. Ms. Nadanong Chompong	SEVP
15. Mr. Alongkorn Sattabusaya	SEVP
16. Mr. Yukinori Tagami	EVP
17. Ms. Gritsla Kommongkol	EVP
18. Ms. Kajohnporn Kittisobhone	VP

### Role and Responsibility

1. Provide direction and consultation for Kaizen activities.
  2. Encourage and support Kaizen activities.
  3. Evaluate Kaizen suggestions and decision for implementation.
  4. Monitor the progress of Kaizen implementation.
  5. Evaluate Kaizen suggestions for selection and give awards.
- Note: The meeting of Kaizen Committee shall be held by monthly basis or upon call as needed.

## **6. IT steering committee (ITSC)**

### **Definition and the importance of ITSC**

Established to enhance, supervise and manage the use of Information Technology Systems for conducting business operations or providing business services in accordance with the increasing volume of transactions, complexity of Information Technology and all related risks of the use of Information Technology Including the provision of supervising and managing the Information Technology Projects with efficiency and conciseness in order to achieve the success as planned.

### **Role and responsibility**

- 1) ITSC shall supervise and ensure the operations of Information Technology Systems including the Project Management Processes.
- 2) ITSC shall ensure the readiness of Information Technology Systems are in accordance with the strategy of business services or business operations and future changes.
- 3) ITSC shall ensure the IT Security Policy and IT Project Management Policy.
- 4) ITSC shall ensure the knowledge and awareness of IT Security for Directors, Executives and employees in the organization continuously and effectively.
- 5) ITSC shall ensure the appropriateness and competence of employees, who conduct IT Risk Management, monitoring compliance in accordance with laws and regulation, IT Auditing, including IT Daily Operation.
- 6) ITSC shall promote IT Risk Awareness throughout organization.

### **Committee consisting of**

The Committee members comprise of all top managements of the company according to company organization chart and/or reference to the IT Steering Committee of company detail as follow:

- a. Managing Directors of the Company
- b. Executive Directors of the Company
- c. Head of the department for relevant

The meeting held a monthly basis, related staff present the agenda to the meeting for acknowledgement or approval together with staff of IT Operation Support division engage in proceeding with duties at the Meeting respectively.

**Committee members comprise of the following persons;**

Name	Position
1. Mr. Tsutomu Omodera	Vice Chairman of the Board and Managing Director
2. Mrs. Suporn Wattanavekin	Executive Director
3. Mr. Nuntawat Chotvijit	Executive Director
4. Ms. Suriporn Thammawatid	Executive Director
5. Mr. Kazumasa Oshima	Executive Director
6. Mr. Junichi Iwakami	Executive Director
7. Ms. Supanee Asawasuwat	SEVP
8. Mr. Manavudhi Mingvanich	SEVP
9. Mr. Tawatchai Peechapat	SEVP
10. Mr. Siraphop Chaisaharuek	SEVP
11. Ms. Nadanong Chompong	SEVP
12. Mr. Kosei Yahiro	EVP
13. Mr. Yukinori Tagami <sup>1</sup>	EVP
14. Ms. Kajohnporn Kittisobhone	VP
15. Mr. Jakkapan Kittananun	VP

<b><u>1<sup>st</sup> line</u></b>	<b><u>2<sup>nd</sup> line</u></b>	<b><u>3<sup>rd</sup> line</u></b>
<b><u>IT Department (ITS)</u></b>  R&R: perform IT operation <b><u>Persons in charge:</u></b>  1. Mr. Junichi Iwakami 2. Mr. Tawatchai Peechapat 3. Mr. Manavudhi Mingvanich 4. Mr. Jakkapan Kittananun	<b><u>Compliance Department and Risk Management Department</u></b> R&R: Supervision on IT operation process in compliance with regulations  <b><u>Person in charge:</u></b>  Mr. Yukinori Tagami <sup>1</sup> Mr. Alongkorn Sattabusaya <sup>2</sup>	<b><u>Internal Audit Department</u></b>  R&R: audit IT operation process to be comply with regulations  <b><u>Person in charge:</u></b>  Ms. Kajohnporn Kittisobhone

Note: <sup>1</sup>Mr. Yukinori Tagami has resigned from the Executive Vice President with effective on February 28, 2022

<sup>2</sup>Mr. Alongkorn Sattabusaya was appointed as the Senior Executive Vice President of Corporate Governance and Control with effect from February 1, 2022.

## 7.4 Information of Executive

### Management Executive

As of February 28, 2022, the Company has totaling 15 executive officers, whose names are listed below. Details of management shown in attachment 1:

Name	Position
1. Mr. Tsutomu Omodera	Vice Chairman of the Board and Managing Director*
2. Mrs. Suporn Wattanavekin	Director*
3. Mr. Nuntawat Chotvijit	Director*
4. Ms. Suriporn Thammavattid	Director*
5. Mr. Kazumasa Oshima	Director and Chief of Financial Officer*
6. Mr. Junichi Iwakami <sup>1</sup>	Director*
7. Ms. Supanee Asawasuwat	Company Secretary and SEVP - Corporate Planning Office
8. Mr. Witchasorn Suwannakindra	SEVP - Business Control Management
9. Mr. Manavudhi Mingvanich	SEVP - System Development
10. Mr. Somsak Hempiam	SEVP - Auto Finance
11. Mr. Tawatchai Peechapat	SEVP - I.T.
12. Mrs. Chittiporn Inoue	SEVP - Customer Service Department
13. Mr. Siraphop Chaisaharuek <sup>2</sup>	SEVP - Digital Marketing
14. Ms. Nadanong Chompong <sup>3</sup>	SEVP - Legal Office
15. Mr. Alongkorn Sattabusaya <sup>4</sup>	SEVP - Corporate Governance and Control

Note: \*Directors who involve in day-to-day operation of the Company

- <sup>1</sup>Mr. Junichi Iwakami was appointed to be Director on June 24, 2021
- <sup>2</sup>Mr Siraphop Chaisaharuek was appointed as the Senior Executive Vice President of Digital Marketing with effect from March 1, 2021 onwards.
- <sup>3</sup>Ms. Nadanong Chompong was appointed as the Senior Executive Vice President of Legal Office with effect from September 1, 2021 onwards.
- <sup>4</sup>Mr. Alongkorn Sattabusaya was appointed as the Senior Executive Vice President of Corporate Governance and Control with effect from February 1, 2022 onwards.
- Details of managements shown in attachment#1

### Remuneration of the Board of Directors and Management

The determination of remuneration of the Company's directors is not performed by Remuneration Committee as the Company has not yet appointed Remuneration Committee. However, the Board of Directors' Meeting had made an annual review of the directors' remuneration to ensure that remuneration is commensurate with their duties and responsibilities and then proposed to the shareholders' meeting to consider and approve.



### Monetary Remuneration

At the end of FY2021, the Company has totaling 12 directors and 15 executive officers, of which 6 executive officers are the Company's directors. Monetary remuneration of the Board of directors at the end of FY2021 from March 1, 2021 to February 28, 2022 as below.

Types of Remuneration	Remuneration of Directors and Executive Officers (Million Baht)	
	FY2020	FY2021
Number of the Board of Directors <sup>1</sup>	14	13
Number of Executives <sup>2</sup>	13	15
Salary and other incentives for executive officers	62.33	74.08
Directors Remuneration <sup>3</sup>	26.79	21.98
Contribution added into provident fund	4.24	4.40
Long-term management remuneration <sup>4</sup>	3.50	3.60
<b>Total</b>	<b>96.86</b>	<b>104.06</b>

Note:

<sup>1</sup> Included resigning Directors and Executives during year in the amount of 2 person.

<sup>2</sup> Management under SEC definition is ranking from the position of SEVP upward.

<sup>3</sup> Directors Remuneration of 21.98 million baht is recognised accrual expenses which is in accordance with the Note 34 to the financial statements which has been audited by the auditor.

<sup>4</sup> Long-term Management Remuneration for executive officers means estimation of benefits for each executive by evaluating the present value of cash flow expected to be paid in the future in accordance with Thai Accounting Standards No. 19 Re: Employee Benefits. The Company recognized costs for employee benefits as employee related costs in the Profit and Loss Statements.

### Other remuneration

- None -

## 7.5 Information of Employees

### Employees

As of February 28, 2022, the Company had 4,219 employees in total, which was disable person 37 employees. All those employees can be divided based on the Company's branch offices as follows:

Company's branches	Number of Employees (person)
Head Offices	2,926
Branches in Bangkok	161
Branches in upcountry	598
Service Counter-Bangkok	130
Service Counter in upcountry	404
<b>Total</b>	<b>4,219</b>

The employees on duty at the head office of the Company can be divided according to the working field as follows:

Types of Working field		Number of Employees (person)
1	Marketing, Credit Control, Collection, Customer Service Department	2,459
2	Finance and Accounting SSC, Information and Technology Service, HR and Admin Shared Service Center, Internal Audit, Corporate Governance and Control, Customer Behavior Analysis, Legal and Corporate Planning Office	467
<b>Total</b>		<b>2,926</b>

As of February 28, 2022 the employees of a subsidiaries company as follow;

Subsidiary Company	Number of Employees (person)
ACSI (Thailand) Co.,Ltd	1
ACS Servicing (Thailand) Co.,Ltd	863
AEON Specialized Bank (Cambodia) PLC	912
AEON Microfinance (Myanmar) Co.,Ltd	163
AEON Leasing Service (Lao) Co.,Ltd	131
<b>Total</b>	<b>2,070</b>

### Change in Number of Employee

The number of the Company's employee in the fiscal year 2021 decreased 7.7% comparing with the previous year.

During the past three years, the Company has had no material labor dispute. The total remuneration for all employees includes salary, overtime, bonus, incentive, and welfare, which included provident fund contributions for employees.

### Accidents at work statistics and Work Absence Rates

Policy on Safety Occupational Health and Environmental in Workplace Aeon Thana Sinsap (Thailand) Public Company Limited firmly hold the philosophy and morality in conduction business. So confidence in the value of employees, to maintain the quality of life, safety and health condition including holding social and environmental responsibility regarding Safety Occupational Health and Environmental in Workplace are key factors for business success. The company thus regulates the policy details as follow:

1. The company will support the employees for healthy, awareness of safety occupational health and environmental in workplace at all level.
2. The company will improve and prevent the accident, incident, illness that might be arisen from work and concerned body.
3. The company will hold and abide to the law and a regulation concerning Safety Occupational Health and Environment in workplace as company is standard.
4. The company will set up the workplace clean and proper.
5. The company will allocate the resources enough and appropriate for following up work to maintain Safety Occupational Health and Environment in Workplace policy.
6. The company will revised the policy follow up, inspection, system management intermittently, to ensure that the policy is appropriate for company.

Accidents at work statistics and Work Absence Rates in FY2021 were record as follows:

- **Crucial Accidents at work statistics:**

Accident case in 2021: 1 case

- **Work Absence Rates:**

Type of leaving	Total Employees (persons)	Total leaves (days)
Sick Leave	3,374	17,259
Personal Leave	3,241	8,357
Vacation Leave	4,589	37,902
Birthday Leave	3,601	3,601
Maternity Leave	139	9,076

### Compensation and Benefits Employee

AEON provides the welfare and benefits which are consistent with the Company's performance since present and future time.

- Short-term employee benefits plans such as determining the annual salaries increases and bonuses for employee, both benefits plans are considered by the Company's results and KPI. (Key Performance Indicator)
- Long-term employee benefits plans such as the contribution made by The Company for securing staff's finance after their resignation or retirement. The Provident Fund consists of the contributions from the Company and staff, which the Company makes as percentage of 3 -15 of monthly basic salary of staff as well as of the staff's contribution.

Apart from Short-term and Long-term plans, the Company also provides the various fringe benefits to support the some parts of expenses such as Medical Treatment, Dental and others. Furthermore, the Company has improved the working areas room in whole centers, renovated branches, and completed providing the Relaxing room and Lactation room for Female staff to feed milk.

### The total remuneration for all employees

In 2021, a total remuneration for 4,219 employees of the Company was 1,927.83 million baht which composing of Salaries, Bonuses, Overtime, Operating Expense, and etc. as followed;

Type of Remuneration	FY2019 (MB)	FY2020 (MB)	FY2021 (MB)
Salaries	1,271.76	1,240.26	1,206.94
Bonuses	266.20	183.78	263.18
Overtime	113.43	9.33	3.03
Operating Expenses <sup>1</sup>	544.10	407.47	454.68
<b>Total remuneration</b>	<b>2,195.49</b>	<b>1,840.84</b>	<b>1,927.83</b>

Noted - <sup>1</sup> Operating Expenses are composing of Subvention, Cost of living, Mileage claims, Diligence Allowance, Telephone cost, Transportation fringe benefits etc.

### Policy for Employee Development

#### Human Resource Development

During to COVID 19 situation, for safety & security reasons of our employees, training courses in FY 2020 have been adjusted in order to continuously develop skills and capabilities under the situation. Aiming to develop employees to take the initiative from the customer's point of view and continue to create value, during past year, company's learning & development plan was focusing on online training.

In Fiscal Year 2021, company provided various trainings to our employees in which mainly on Online Learning system, number of online courses conducted increased 100% compared to 2020. The courses provided are as follow;

#### 1. Leadership and Managerial Course

The course focused on Leadership and Managerial skills including skills required to well complete job in each function via job specific course, Company provided 20 courses 84 hours.

#### 2. Legal & Business-related courses

The course aims to create awareness, educate and prepare employees to confidently operate work and handle cases in any relevant situation by focusing on corporate compliance under Government's regulation towards Thai Financial Institution and Financial Business Group. The Company arranges for employees in all position to regularly review relevant knowledge on a regular basis via virtual Learning and E-Learning, totaling more than 25 hours of training, which includes the following courses:

- AEON Code of Conduct FY2021
- Personal Data Protection Act B.E. 2562"
- Anti-Money Laundering and Counter Financial Terrorism and Weapon Mass Destruction
- AEON People Training
- AFS Group Director and Management Training Program
- FY2021 ASEAN "Compliance Training for Executives
- Legal Training for Directors and Managements
- Legal Training for Staff level
- Workplace Harassment Prevention FY2021

### **3. Digitalization and Finance special Course**

The course focused on promoting self-development approach aimed at personal growth and skills enhancement via E-Learning and virtual Learning. This past year, company provided 5 courses, 11 hours.

### **4. Performance Assessment**

Company has enhanced assessment process by collaborating with Chulalongkorn University to redesign Company Test for assessing knowledge, skills and potential of employees, for Learning and Development Plan and Promotion in particular. In Fiscal Year 2021, the total number of employees who joined the online assessment is 280 persons. Moreover, before join the assessment KYC to identity verification to all employees was prepared.

Based on our believe that human resource is the valuable asset of a Company, AEON Thana Sinsap has been improving our training, as it plays an important role, to develop employees to take the initiative from the customer's point of view and continue to create value.

### **The Staff training on management systems according to international standards ISO9001, ISO14001 and ISO27001.**

The company keeps important focus to personnel and organizational knowledge by recruiting and selecting the personnel with appropriate knowledge and capability in their operations. As well as the promoting training to develop knowledge, abilities and create awareness of employees on the management system according to the 3 international standards, namely the Quality Management System (ISO9001), Environmental Management System (ISO14001) and Information Security Management System (ISO27001) by training current and new employees. The employees can apply their knowledge and understanding correctly and appropriately to relevant work in the international standardization system, as well as arrange training assessments to confirm their understanding of what has been trained. The training will be conducted as an in-house organization by Corporate Quality Secretariat (CQS) department, and an external trainer which is certified in an international standard system.

In addition, the company has set up activities to raise awareness and participation in the international standard system of employees in the organization through various activities such as "Weekly Self-Monitoring Activities", Internal Training Activities of each department as Monthly Training by ISO / BISO person, Monthly Inventory of Asset Activities Updating and ISO Knowledge Test Activities.

#### **Significant of ISO9001 Training:**

1. Develop the Company's employees to have knowledge, skills, attitudes that they can work to achieve the company's plans or goals.
2. To motivate employees to participate in the process of working effectively in accordance with the set quality standards.
3. To develop the ability of employees to be able to work at the job level or higher position with knowledge and skills required.

#### **Significant of ISO14001 Training:**

1. To cultivate knowledge to employees about systematic environmental management.
2. To raise awareness among employees in order to efficient use of company resources.
3. To build knowledge and understanding for employees to be able to comply with laws, regulations, regulations and various environmental requirements correctly.

### **Significant of ISO27001 Training:**

2. To raise the awareness of employees about importance of complying with ISO27001 requirements which is focus on data protection, confidentiality, integrity, and availability.
3. The employees realize the benefits of security management in the Company's information system.
4. The employees able to apply the ISO27001 standard in their work correctly and appropriately.

### **Kaizen System Process Improvement**

The Company has a policy of AEON to support Kaizen activities to enhance the potential of all staffs in the organization by using "Kaizen" as a tool in the administration. The word kaizen means "Continuous improvement" which presents the concept in continuous improvement by pulling abilities of all staffs to improve their job responsibilities. The achievement of Kaizen depend on individual person can present their creativeness. The techniques of Kaizen aim to improve working methods and implement it to achieve the goals. Therefore, creative working environment has been built to facilitate the effective and efficient operations

## **7.6 Others significant Information**

### **The person who is assigned the highest responsibility in the accounting and financial field**

A person who is assigned the highest responsibility in the accounting and financial field is Mr. Kazumasa Oshima, Director and Chief Financial Officer (See more details in Attachment#1)

### **The person who is assigned direct responsibility for overseeing bookkeeping duties**

A person who is assigned direct responsibility for overseeing bookkeeping duties is Mr. Sittipong Kanaraksanti, Chief of Accountant. (See more details in Attachment#1)

### **The Head of the Compliance**

The Head of the compliance unit is Mr. Alongkorn Sattabusaya, Senior Executive Vice President, who has appropriate knowledge and capability to support and control the Company's Operational Compliance System to be accordance with the rules and related regulation. (See more details in Attachment#3)

### **Corporate Secretary**

The Company has appointed Miss Supanee Asawasuwana, Senior Executive Vice President - Corporate Planning Office who has appropriate knowledge and capability to be the Corporate Secretary since September 1, 2008 (Details of Corporate Secretary shown in attachment#1) to serve the Board of Directors in the areas of providing legal advice, taking care of the Board's activities, and monitoring compliance to the Board's resolution. The Corporate Secretary must have qualifications and experience, and has main duties and responsibilities, as follows:

### **Qualifications of the Corporate Secretary:**

1. Having basic knowledge of accounting, laws and regulations related to the Company.
2. Having knowledge and understanding of corporate governance principles and best practices.
3. Having attended training courses concerning corporate secretarial practices.

### Scope of duties and responsibilities of the Company Secretary:

1. Giving preliminary advices and suggestions to Board members on legal issues, and rules, regulations and practices of the Company in a manner of good corporate governance.
2. Undertaking arrangements for meetings of the Board and the Shareholders. Ensuring that the meetings conform to relevant laws and regulations, the Company's articles of associations and best practices.
3. Ensuring that corporate information disclosure and related regulatory filings are in accordance with laws and regulations and the Company's Disclosure Policy.
4. Prepare and maintain the following documents:
  - a. Directors' Registry
  - b. Notices for the Board of Directors' Meetings, Minutes of the Board of Directors' Meetings and Annual Report of the Board of Directors
  - c. Notices for the Shareholders' Meetings and Minutes of the Shareholders' Meetings
5. Ensuring that the directors and executives have filed report on their interest and related persons' interest, as required by laws.
6. Maintain the Report on Stake Holding of Directors and Management.
7. Carry out other tasks as assigned by the Board of Directors.

### The Auditors

For the Fiscal Year 2021 ended February 28, 2022, the Company appointed three auditors from Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. Deloitte Touche Tohmatsu Jaiyos Audit Company limited and the auditors proposed as auditor of the Company and subsidiaries have no relationship or any interest with the Company or subsidiaries, executives, major shareholders, or related persons, in the way impact their performing task independently. Moreover, Deloitte Touche Tohmatsu Jaiyos Audit Company Limited is the auditor of, the subsidiaries of the Company in Thailand, AEON Insurance Service (Thailand) Co.,Ltd, ACS Servicing (Thailand) Co.,Ltd. and ATS Rabbit Special Purpose Vehicle Co., Ltd., the auditors of the Company and subsidiaries are as follows:

1.	Mrs. Nisakorn Songmanee	CPA Registration	No. 5035
2.	Mr. Chavala Tienpasertkij	CPA Registration	No. 4301
3.	Mr. Yongyuth Lertsurapibul	CPA Registration	No. 6770

### The Auditors' Remunerations

The auditors' remunerations for the Fiscal Year 2021 ended February 28, 2022 are as follows:

#### 1. Audit fee

In Fiscal Year 2021, the Company paid 5,880,000 Baht for its audit fee and 1,870,000 Baht for its subsidiaries' audit fee.

#### 2. Non-Audit Fee

In the Fiscal Year 2021 ended February 28, 2022, the Company and subsidiaries had non-audit services fee paid to Deloitte Touche Tohmatsu Jaiyos Audit Company Limited totaling 1,850,000 Baht, comprising 1,750,000 Baht for J-SOX (Japanese version of Sarbanes-Oxley) and 100,000 Baht for subsidiaries' package.

# 8

## **Report on key operating results on corporate governance**



## 8. Report on key operating results on corporate governance.

### 8.1 Summary of duty performance of the Board of Directors in the past year.

In 2021, the Board of Director Meeting were held 13 meetings, which was in accordance with the Company's good corporate governance policy. The Board of Directors defined business directions, policies, business plan, including the reports on past performance of the Company as planned in order to evaluate the Company's performance for every meeting and find a common way to drive the company's business to be able to continue to have good results in the future.

### 8.2 Development for the Directors

Directors regularly self-development by attending in both domestic and overseas seminars and courses, which organized by the Institute of Directors of Thailand (IOD), SET, and SEC.

The Company has a policy of encouraging the directors training courses/seminars for developing their knowledge, to enhance the director's efficiency in performing their duties. In 2021, directors attended training courses/seminars are as follows:

Name	Training course/Seminar/Activities
1. Mr. Mitsugu Tamai	<ul style="list-style-type: none"> <li>- AFS Group Director and Management Training Programme 2021</li> <li>- Corporate Governance Training.</li> <li>- Corporate Governance and Duties and Responsibilities of Directors Training.</li> <li>- Group Governance Training.</li> <li>- Sustainability Management Training.</li> </ul>
2. Mr. Tsutomu Omodera	<ul style="list-style-type: none"> <li>- AFS Group Director and Management Training Programme 2021</li> <li>- Digitalization Seminar for Director and Management.</li> <li>- Legal Training for Directors and Managements.</li> <li>- New Era of Contact Center" for Director and Management seminar</li> <li>- FY2021 ASEAN "Compliance Training for Executives" (Virtual Learning).</li> </ul>
3. Mrs. Suporn Wattanavekin	<ul style="list-style-type: none"> <li>- AFS Group Director and Management Training Programme 2021</li> <li>- Digitalization Seminar for Director and Management.</li> <li>- Legal Training for Directors and Managements.</li> <li>- New Era of Contact Center" for Director and Management seminar.</li> <li>- FY2021 ASEAN "Compliance Training for Executives" (Virtual Learning).</li> </ul>
4. Mr. Nuntawat Chotvijit	<ul style="list-style-type: none"> <li>- AFS Group Director and Management Training Programme 2021</li> <li>- Digitalization Seminar for Director and Management.</li> <li>- Legal Training for Directors and Managements.</li> <li>- New Era of Contact Center" for Director and Management seminar.</li> <li>- FY2021 ASEAN "Compliance Training for Executives" (Virtual Learning).</li> </ul>
5. Ms. Suriporn Thammawatid	<ul style="list-style-type: none"> <li>- AFS Group Director and Management Training Programme 2021</li> <li>- Digitalization Seminar for Director and Management.</li> <li>- Legal Training for Directors and Managements.</li> <li>- New Era of Contact Center" for Director and Management seminar.</li> <li>- FY2021 ASEAN "Compliance Training for Executives" (Virtual Learning).</li> </ul>
6. Mr. Kazumasa Oshima	<ul style="list-style-type: none"> <li>- AFS Group Director and Management Training Programme 2021</li> <li>- Digitalization Seminar for Director and Management.</li> <li>- Legal Training for Directors and Managements.</li> <li>- New Era of Contact Center" for Director and Management seminar.</li> <li>- FY2021 ASEAN "Compliance Training for Executives" (Virtual Learning)</li> </ul>

Name	Training course/Seminar/Activities
	<ul style="list-style-type: none"> <li>- TLCA CFO CPD 5/2021 “Fraud &amp; Cyber Security Risk”</li> <li>- CFO Refresher 2/2564</li> <li>- Director Certification Program (DCP online)/IOD</li> </ul>
7. Mr. Junichi Iwakami	<ul style="list-style-type: none"> <li>- AFS Group Director and Management Training Programme 2021</li> <li>- Digitalization Seminar for Director and Management</li> <li>- Legal Training for Directors and Managements</li> <li>- New Era of Contact Center” for Director and Management seminar</li> <li>- FY2021 ASEAN “Compliance Training for Executives” (Virtual Learning)</li> </ul>
8. Dr. Sucharit Koontanakoolavong	<ul style="list-style-type: none"> <li>- Deloitte’s Intelligent Automation: Reimagining the organization in the age of with May 27, 2021</li> <li>- Deloitte Thailand’s Macroeconomic Outlook 2021: “Where does Thailand stand in the post-Covid Divergent World?” on Jul 29, 2021in Bangkok</li> <li>- Deloitte’s AI Ethics and Governance on August 19, 2021</li> <li>- Thyse de Lange Limited’s seminar on Transfer Pricing Methods in Malaysia, August 19, 2021</li> <li>- Thailand Sustainable Development -Set the Scene – October 26, 2564</li> <li>Organized by SDG move, Ministry of Health</li> </ul>
9. Dr. Mongkon Laoworapong	<ul style="list-style-type: none"> <li>- Ethical Leadership Program / IOD</li> <li>- Governance, Stewardship &amp; Sustainability Course / International Corporate Governance Network (ICGN)</li> <li>- Risk assessment to prevent catastrophic accidents in the chemical industry and management of flood prevention of industrial plant / The Thai Institute of Chemical Engineering and Applied Chemistry</li> <li>- Thai Standard on Auditing</li> <li>- Thai Financial Reporting Standard</li> </ul>
10. Mr. Ittinant Suwanjutha	<ul style="list-style-type: none"> <li>- PDPA Seminar / Nida</li> </ul>
11. Mr. Ryuichi Hasuo	<ul style="list-style-type: none"> <li>- Corporate Governance Training</li> </ul>

### 8.3 The Board of Directors’ Self Assessment

The Company has annual assessment for the Board of Directors in order to evaluate the performance of the Board of Directors by reviewing performance as well as obstacles facing each director and also defining the guidelines to improve and increase operational effectiveness of the Board. Furthermore, the parent company in Japan also arranged the assessment of the managing director and executive directors’ performance which evaluate each individual and overall performance.

All directors were evaluated on a five-point scale with 30 questions and at the last section of the assessment there are a part of the board's recommendations in order to listen to the board's opinion and suggestions. All directors were evaluated on a five-point scale with 30 questions and at the last section of the assessment there are a part of the board's recommendations in order to listen to the board's opinion and suggestions. In addition the assessment result will be brought to the Board of Director meeting in order to review and improve director's performance.

**The self-assessment findings were as follows:**

**Assessment of Individual Directors (Self-assessment):** The assessment form comprises five topics: (1) The role and composition of BOD (2) The operation of BOD Meeting (3) The Process of decision making (4) The relationship with audit institutions (5) Other (Relationship with shareholders, etc.). The overall results of the five categories with an average score is at 84.2 point (Full score is 100)

In addition the assessment result will be brought to the Board of Director meeting in order to review and improve director's performance.

Moreover, since the main Roles and Duties of Company Director are Responsibilities of Company Policy & Achievement plus Departments under control as well, therefore, the Company states the Forms and Format of Director's performance management evaluation every year, namely Assessment of Individual Directors (Self-assessment) at first. The evaluation is considered from result of Company performance along with work satisfaction of the Director of Departments under supervision. Secondly, being assessed by Managing Director and finalized by Overseas Business Management, Department of Aeon Financial Service Company Limited (AFS) in Japan

Self- assessment Forms with some Strategic Plans and targets of each year made to the company Policy years plan, begun gauging directors' efficiency and effectiveness by defining KPIs for their performance early in the year, designed to embrace incorporation of achievement as part of the business drive of the Company; specifically under performance assessment for clarity and comprehensiveness for exploiting such assessment of Individual Directors (Self-assessment) consisted of accountability for decisions and actions with responsibility for performing the job of departments in charge. The Company performance and Individual Performance will be measured to determining their compensation. Finally, Directors can share their own self-assessment with the result of Managing Director and Department in charge's evaluation for continuous improvement

In addition, the Company also has the Personnel Management Committee which comprises managing director and executive directors that shall conduct performance evaluation of all management

#### **8.4 Remuneration for the Board of Directors and the Committee**

The Board of Directors Meeting made an annual review of the directors' remuneration to ensure that the remuneration is commensurate with their duties and responsibilities. The Board of Directors therefore recommends the shareholders to approve the directors' remuneration.

### Remuneration of each director in the FY2021

As of February 28, 2022, directors' remuneration can be summarized as follows:

Name	Position	Retainer Fee	Bonus <sup>8</sup>	Total Remuneration
1. Mr. Mitsugu Tamai <sup>1,3</sup>	Chairman of the Board of Directors	-	-	-
2. Mr. Tsutomu Omodera <sup>2</sup>	Vice Chairman of the Board and Managing Director	-	1,680,000.00	1,680,000.00
3. Mrs. Suporn Wattanavekin <sup>2</sup>	Director	-	2,080,000.00	2,080,000.00
4. Mr. Nuntawat Chotvijit <sup>2</sup>	Director	-	1,760,000.00	1,760,000.00
5. Ms. Suriporn Thammavathid <sup>2</sup>	Director	-	1,530,000.00	1,530,000.00
6. Mr. Kazumasa Oshima <sup>2</sup>	Director	-	1,710,000.00	1,710,000.00
7. Mr. Junichi Iwakami <sup>2,4</sup>	Director	-	-	-
8. Mr. Chatchaval Jiaravanon	Director	1,737,000.00	762,000.00	2,499,000.00
9. Mr. Noppun Muangkote <sup>5</sup>	Independent Director and Chairman of Audit Committee	652,000.00	762,000.00	1,414,000.00
10. Dr. Sucharit Koontanakulvong	Independent Director and Chairman of Audit Committee	1,737,000.00	653,000.00	2,390,000.00
11. Dr. Mongkon Laoworapong	Independent Director and Audit Committee Member	1,464,000.00	653,000.00	2,117,000.00
12. Mr. Ittinant Suwanjutha <sup>6</sup>	Independent Director and Audit Committee Member	990,000.00	-	990,000.00
13. Mr. Kenji Hayashi <sup>7</sup>	Independent Director	452,200.00	653,000.00	1,105,200.00
14. Mr. Ryuichi Hasuo	Independent Director	1,464,000.00	653,000.00	2,117,000.00
<b>Total</b>		8,496,200.00	12,896,000.00	21,392,200.00

Note: <sup>1</sup>Directors from AEON Financial Service do not have any remuneration from the Company

<sup>2</sup>Executive directors

<sup>3</sup>Mr. Mitsugu Tamai was appointed to be chairman of the board on June 24, 2021.

<sup>4</sup>Mr. Junichi Iwakami was appointed to be director on June 24, 2021.

<sup>5</sup>Mr. Noppun Muangkote has resigned from Independent Director and Chairman of Audit Committee with effect from June 24, 2021.

<sup>6</sup>Mr. Ittinant Suwanjutha was appointed to be independent director and audit committee on June 24, 2021.

<sup>7</sup>Mr. Kenji Hayashi retire by rotation with effect from June 24, 2021.

<sup>8</sup>Director's Bonus calculated from the Company's performance in the fiscal year 2020

## 8.5 The selection and nomination of the directors and key executives of the Company

### Nomination of the Independent Director

The qualifications of “Independent Director” have been defined by the Company in accordance with the rules stipulated by the Capital Market Supervisory Board as follows:

1. Hold no more than 1 percent of the total number of shares with voting rights of the Company, the parent company, a subsidiary company, an associated company, a major shareholder or a controlling person of the Company. This is including of the shares held by any related person of such independent director.
2. Neither being nor used to be an executive director, employee, staff, advisor with regular salary, or controlling person of the Company, the parent company, a subsidiary company, an associated company, a subsidiary company in the same level, a major shareholder or a controlling person of the Company unless the foregoing status has ended no less than 2 years prior to the date of his/her appointment. Such status excludes where the independent director used to be a governmental officer or an advisor of the government authority, which is a major shareholder or controlling person of the Company.
3. Not being a person related by blood or legal registration as a father, mother, spouse, sibling and child, including spouse of a child, other director, executive, major shareholder, controlling person or person to be nominated as director, executive or controlling person of the Company or a subsidiary company.
4. Neither having or used to have business relationship with the Company, the parent company, a subsidiary company, an associated company, a major shareholder or a controlling person of the Company which may impede his/her independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, the parent company, a subsidiary company, an associated company, a major shareholder or a controlling person of the Company unless the foregoing relationship has ended no less than 2 years prior to the date of his/her appointment.

The term “business relationship” mentioned above includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions which result in the Company or the counterparty being obligated to pay to the other party no less than 3 percent of the net tangible assets of the Company or Baht 20 million, whichever is lower. The value of the business relationship shall be determined using the calculation method for determining the value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions *mutatis mutandis*.

The value of obligation shall include any obligations occurred during the period of 1 year preceding the date of the business relationship with the same entity or person.

5. Neither being nor used to be an auditor of the Company, the parent company, a subsidiary company, an associated company, a major shareholder or a controlling person of the Company, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, the parent company, a subsidiary company, an associated company, a major shareholder or a controlling person of the Company unless the foregoing status has ended no less than 2 years prior to the date of his/her appointment.
6. Neither being nor used to be a professional service provider, including legal advisor or financial advisor who receives service fee exceeding Baht 2 million from the Company, the parent company, a subsidiary company, an associated company, a major shareholder or a controlling person of the Company, and not being a significant shareholder, controlling person or partner of the said professional service provider unless the foregoing status has ended no less than 2 years prior to the date of his/her appointment.

7. Not being a director appointed as a representative of the Company's director, major shareholder, or shareholder related to major shareholder.
8. Not undertaking a business of the same nature and in competition with the Company or a subsidiary company, or not being a significant partner of a partnership, or executive director, employee, staff, advisor with regular salary, or hold shares exceeding 1 percent of the total number of shares with voting rights of any other companies operating the business of the same nature and in competition with the Company or a subsidiary company.
9. Have no other characteristics that prohibit the expression of independent opinion towards the Company's business operation.

The Company requires the audit committee members and independent directors to have meeting at least fourth a year to give them the opportunity to meet among themselves to propose guidelines for quality improvement and corporate governance in accordance with the principles of good corporate governance for listed companies of the Stock Exchange of Thailand.

### **Roles, Duties and Responsibilities of the Independent Directors**

- 1) Act as an unbiased advisor to the Board of Directors to make a decision on the deliberate issue; performance, strategy, risk management, and the related regulation.
- 2) Safeguard the interests of all stakeholders and the minority shareholders.
- 3) Scrutinize the financial information and the performance of management as well as ensure risk management to be well-prepared for any possibilities.
- 4) Engage in any duties as assigned by the Board of Directors, without interfere with the independent nature of the Independent Director.

### **Nomination of the Directors**

The process of nominating director is not performed by the Nomination Committee, due to the Company has not yet appointed Nomination Committee. However, the Board of Directors will consider nominating director from qualifications, experiences, expertise in various areas and various nationalities with gender-diverse boards. Additionally, the general meeting of shareholders will elect and appoint the directors of the Company afterward. (Details of managements shown in attachment #1)

The Board of Directors shall operate the business of the Company under the control of the general meeting of shareholders and the articles of association of the Company. The procedure for the appointment of directors can be summarized as follows:

1. One shareholder has one vote per one share
2. In choosing the directors, the voting method used may be to vote on candidate by candidate or several candidates together, whichever the shareholders' meeting finds appropriate, but in voting to pass the resolution the shareholders shall vote using all the votes under Clause 1 which cannot be divided for any person or group to any extent at all.
3. In the election of the directors, the vote shall be on the majority basis. In case of equality of votes, the chairman of the meeting shall be entitled to a casting vote.

The Chairman of the Board is the representative of the AEON Financial Service, Japan, which held the Company's shares of 54.32% and he is not the Managing Director of the Company. Both of them are the representatives from the same major shareholders. In order to balance the power of management, the Company's board structure also consists of 4 independent directors which are not less than one - third of total board members

### Key executives selection

The responsibilities for recruiting and selecting executives operated by Human Resource department. The Company's executive recruitment and selection is considered from qualification and experiences of that person. However, the process of executive selection will be under the executive's direction afterwards.

### 8.6 Summary of the Board of Directors' and Sub-Committees' Meeting Attendance in FY2021

Each year the Board of Directors shall convene at least 12 times on a regular basis. Throughout the year, directors are required to attend at least 75% of all board meetings. The Company has informed the whole year meeting schedules of the board and sub-committees in advance throughout the year. However, a special meeting may be arranged when deemed appropriate. Generally, main meeting agenda items include quarterly review of financial statement, review of key policies, and monitoring operating performance of the Company. In addition, according to the Company's Articles of Association, at a meeting of the board of directors, at least one half (1/2) of the total number of directors present shall form a quorum. The company, however, in practiced the meeting of the board of directors resolution determines the quorum of the Board of Directors while voting in the meeting there must be at least two-thirds of the directors attending the meeting. The meeting invitation will be distribute along with meeting agendas and ancillary documents to the Board members no later than 7 days prior to the meeting via email and/or in hard copies for convenience and paper saving, allowing the directors to consider the meeting's agenda and its document beforehand.

Each the Board of Directors meeting was recorded and taken the minutes as well as presented to the Board of Directors to consider the minutes before approval in the next meeting. However, the minutes of the Board of Directors will be kept for ready to review from committee and related agencies.

In FY2021, the Company held the Board of Directors meeting a monthly basis in totaled 13 meetings. The summarized of the Board of Directors' average attendance was 75% at the end of Fiscal Year 2021, which was in accordance with good corporate governance.

Members of The Board of Directors	Number of Meetings Attended / Total Number of Meetings Held			
	Board of Directors		Audit Committee	Executive Committee
	Ordinary Meeting	Special Meeting		
1. Mr. Mitsugu Tamai <sup>1</sup>	9/9	-	-	-
2. Mr. Tsutomu Omodera	12/12	1/1	-	26/26
3. Mrs. Suporn Wattanavekin	12/12	1/1	-	25/26
4. Mr. Nuntawat Chotvijit	12/12	1/1	-	26/26
5. Ms. Suriporn Thamawatid	12/12	1/1	-	26/26
6. Mr. Kazumasa Oshima	12/12	1/1	-	26/26
7. Mr. Junichi Iwakami <sup>2</sup>	9/9	-	-	23/26 <sup>3</sup>
8. Mr. Chatchaval Jiaravanon	10/12	1/1	-	-
9. Mr. Noppun Muangkote <sup>3</sup>	3/3	1/1	3/3	-
10. Dr. Sucharit Koontanakulvong	12/12	1/1	8/8	-
11. Dr. Mongkon Laoworapong	11/12	1/1	8/8	-
12. Mr. Ittinant Suwanjutha <sup>4</sup>	9/9	-	5/5	-
13. Mr. Kenji Hayashi <sup>5</sup>	3/3	1/1	-	-
14. Mr. Ryuichi Hasuo	12/12	1/1	-	-

Note: 1 Mr. Mitsugu Tamai was appointed to be chairman of the board on June 24, 2021.

2 Mr. Junichi Iwakami was appointed to be director on June 24, 2021.

3 Mr. Noppun Muangkote has resigned from Independent Director and Chairman of Audit Committee with effect from June 24, 2021.

4 Mr. Ittinant Suwanjutha was appointed to be independent director and audit committee on June 24, 2021.

5 Mr. Kenji Hayashi retire by rotation with effect from June 24, 2021.

The summarized of the Board of Directors' average attendance was 98% at the end of Fiscal Year 2021.

## 8.7 Summary of the Annual General Meeting and Extraordinary General Meeting of Board of Directors and Sub-Committees' Meeting Attendance in 2021

The Meeting was held on June 24, 2021 at 10:00 a.m. at Meeting Room, 388 Exchange Tower, Sukhumvit Road, Klongtoey, Klongtoey, Bangkok.

There were 12 directors attending the Annual General Meeting of Shareholders for the Year 2021 accounting for 92.31 percent of the total number of directors as follows:

1	Mr.Tsutomu Omodera	Vice Chairman of the Board and Managing Director
2	Mrs. Suporn Wattanavekin	Director
3	Mr. Nuntawat Chotvijit	Director
4	Ms. Suriporn Thammawatid	Director
5	Mr. Kazumasa Oshima	Director
6	Mr. Chatchaval Jiaravanon	Director
7	Mr. Kenji Fujita	Director
8	Mr. Masanori Kosaka	Director
9	Mr. Noppun Muangkote	Independent Director and Chairman of Audit Committee
10	Dr. Sucharit Koontanakulvong	Independent Director and Audit Committee Member
11	Dr. Mongkon Laoworapong	Independent Director and Audit Committee Member
12	Mr. Ryuichi Hasuo	Independent Director

Due to the situation of the Coronavirus 2019 (COVID-19) pandemic, the Meeting was conducted in form of electronic meeting (e-AGM) by using Weblink by Quidlab, the electronic meeting service provider. A director, Mr. Chatchaval Jiaravanon, attended the Meeting through online meetings system and another 3 directors namely Mr. Kenji Fujita, Mr. Masanori Kosaka and Mr. Ryuichi Hasuo attended the Meeting through online meetings system from Japan and there is an extraordinary meeting was not convene in this fiscal year.

## 8.8 Supervision of subsidiaries and associated companies

The Company has developed corporate governance for its subsidiaries and affiliates to control their management and operation along with the protection for the Company's interests. To achieve the shared vision, the Company has appointed representative of the Company as directors of its subsidiaries and affiliates. Also, set up the mechanisms for financial information and connected transaction disclosure, under the related rules and regulations. Therefore, the Company held the Executive Committee meeting to report on the operating results and the Corporate Governance of the Company's subsidiaries and affiliates.

## 8.9 Monitoring of compliance with the corporate governance policy and guidelines

The company has monitored on compliance with corporate governance policies and practices. The details are as follows.

### 1. Use of inside information to seek benefits

The Company has measures to prevent directors and executive directors from using the Company's internal information for their own benefits. The details of the measures were specified in "Equitable Treatment of Shareholders" No. 2.6.

### 2. Prevention of conflicts of interest

The company gives importance to practice of information disclosure to prevent conflicts of interest, illegal and improper activities.

- The Company prescribe directors and executives to report on their interests and related persons' interests to the Corporate Secretary, providing a copy of such reports to the Chairman of the



Board and the Chairman of Audit Committee as specified by the Securities and Exchange Act, and report on changes in such reports.

- The Board of directors set up the policies to protect directors and executives to exploit the company's inside information for their own benefit. The company has report that policy under the topic "Equitable Treatment of Shareholders" article 2.6 (see page 104)
- The Company has a measure not allowing its management or persons who have direct or indirect interest to involve in the approval of the related transaction between the Company and persons with possibility to cause conflicts. The Company also arranges the audit committee to consider and provide the opinion on such related transactions. The company has disclosed that policy under the topic "Related party transaction" ( see page 154)
- The company has established the "Rules and Regulations of Entertainment and Gift Exchanging", so that the employees at all levels are aware of the principles of entertainment and gift exchange. These Rules and Regulations are part of the anti-corruption policy. Disclosed under "Preventive measures against corruption involvement and bribery prohibition" topic ( see page 106)

### **3. Whistle Blowing**

The Company has more focus on the Good Corporate Governance by defining the policy as the major priority which all Managements and staffs must strictly conduct. The Company keeps providing many courses of Code of Conduct program to all staffs in the Group per year.

- The Company provides channels and encourages employees, including the stakeholders, to report any suspicious matters or behavior relating to misconduct as soon as possible, or when the employees and stakeholders witness or suspect that an action is in conflict with the company's policy, or could lead to an offense in the future. ( see page 109)
- The Company shall conduct an investigation without disclosing the whistle blower's identity to prevent any potential adverse impact on the whistle blower. The company shall proceed with the investigation process in accordance with the regulations prescribed by the Company and record the investigation in writing. The whistles blower's identity shall be kept confidential and shall be accessible by concerned personnel only.

### **4. Anti-corruption action**

The Company determines Anti-Corruption Policy and implements to prevent involvement in corruption, including specified disciplinary action. The Company communicates the Anti-Corruption regulation and policy to all executives and employees to not accept any corruption activity in any form or either directly or indirectly activities. For more information of the policy and practices revealed on "Anti-Corruption Regulation and Policy" (see page 106)

### 5. Report on Changing Securities holdings of Board of Directors and Management

Directors and Executives have strictly complied with the principles of reporting changes in the Company's securities holdings. The details are as follows.

Name - Surname	Position	No. of Common Share held (shares)		
		February 28, 2021	+ / (-)	February 28, 2022
1. Mr. Mitsugu Tamai <sup>1</sup> Spouse and minor children	Chairman of the Board -	- -	- -	- -
2. Mr. Tsutomu Omodera Spouse and minor children	Vice Chairman of the Board and Managing Director -	- -	- -	- -
3. Mrs. Suporn Wattanavekin Spouse and minor children	Director -	200,000 -	- -	200,000 -
4. Mr. Nuntawat Chotvijit Spouse and minor children	Director -	- -	- -	- -
5. Ms. Suriporn Thammawatid Spouse and minor children	Director -	- -	- -	- -
6. Mr. Kazumasa Oshima Spouse and minor children	Director -	- -	- -	- -
7. Mr. Junichi Iwakami <sup>2</sup> Spouse and minor children	Director -	- -	- -	- -
8. Mr. Chatchaval Jiaravanon Spouse and minor children	Director -	14,700,000 -	- -	14,700,000 -
9. Dr. Sucharit Koontanakulvong Spouse and minor children	Independent Director and Chairman of Audit Committee -	- -	- -	- -
10. Dr. Mongkon Laoworapong Spouse and minor children	Independent Director and Audit Committee Member -	- -	- -	- -

Name - Surname	Position	No. of Common Share held (shares)		
		February 28, 2021	+ / (-)	February 28, 2022
11. Mr. Ittinant Suwanjutha <sup>3</sup>	Independent Director and Audit Committee Member	-	-	-
Spouse and minor children	-	-	-	-
12. Mr. Ryuichi Hasuo	Independent Director	-	-	-
Spouse and minor children	-	-	-	-

Note - Based on the information according to the report of interest of directors and management as of February 28, 2022

<sup>1</sup>Mr. Mitsugu Tamai was appointed to be chairman of the board on June 24, 2021.2020

<sup>2</sup>Mr. Junichi Iwakami was appointed to be director on June 24, 2021.

<sup>3</sup>Mr. Ittinant Suwanjutha was appointed to be independent director and audit committee on June 24, 2021.

**Report on Changing Securities holdings of Board of Directors and Management (Continued)**

At the end of Fiscal Year 2021, directors and management's shareholding in the Company are as follows;

Name - Surname	Position	No. of Common Share held (shares)		
		February 28, 2021	+ / (-)	February 28, 2022
1. Ms. Supanee Asawasuwan Spouse and minor children	Company Secretary and SEVP - Corporate Planning Office -	6,200 -	- -	6,200 -
2. Mr. Witchasorn Suwannakindra Spouse and minor children	SEVP - Business Control Management -	200 -	- -	200 -
3. Mr. Manavudhi Mingvanich Spouse and minor children	SEVP - System Development -	- -	- -	- -
4. Mr. Somsak Hempiam Spouse and minor children	SEVP - Auto Finance -	- -	- -	- -
5. Mr. Tawatchai Peechatat Spouse and minor children	SEVP - I.T. -	- -	- -	- -
6. Mr. Sittipong Kanaraksanti Spouse and minor children	Chief of Accountant -	- -	- -	- -
7. Mrs. Chittiporn Inoue Spouse and minor children	SEVP - Customer service department -	- -	- -	- -
8. Mr. Siraphop Chaisaharuek <sup>1</sup> Spouse and minor children	SEVP - Digital Marketing -	- -	- -	- -
9. Ms. Nadanong Chompong <sup>2</sup> Spouse and minor children	SEVP - Legal Office -	100 -	- -	100 -

Note - Based on the information according to the report of interest of directors and management as of February 29, 2022

<sup>1</sup>Mr. Siraphop Chaisaharuek was appointed as the Senior Executive Vice President of Digital Marketing with effect from March 1, 2021 onwards.

<sup>2</sup>Ms. Nadanong Chompong was appointed as the Senior Executive Vice President of Legal Office with effect from September 1, 2021 onwards.

### **8.10 Report on the results of duty performance of the Audit Committee in the past year**

The Board of Directors appointed the Audit Committee to be responsible for audit and corporate governance. For more information on this sub-committee, please see section 2 Corporate Governance Structure under the Information regarding to the Sub-Committees and the report of the Audit Committee which were disclosed in attachment 5

The details of the Board of Directors' and Sub-committees' meeting attendance in 2020, please see section 2 Corporate Governance Structure under the Summary of the Board of Directors' and Sub-Committees' Meeting Attendance in 2021.

The Audit Committee's main duty is to support the Board of Directors to transparently perform their roles and responsibilities in accordance with the policy of the Board of Directors. The supporting would be consisted of 1) Accuracy of Financial Report 2) Sufficient and effectiveness of Risk Assessment and Internal Control 3) To comply with laws and relevant regulations 4) To consider External Auditors' qualification and Independency 5) To consider reasonable of Related Transactions, which are in accordance with the Audit Committee Charter or Policy of the Audit Committee.

Furthermore, the Audit Committee's roles and responsibilities also focus to monitor the Company's Internal Audit Tasks by considering internal audit results from either the Company's and affiliate companies' operations, which aim at operation processes in accordance with good governance, including adequacy and appropriateness on internal control. This would respond on the sustainability and value – added to the Company as well as maximize the benefit of all stakeholders.

### **Summary of the results of duty performance of the Audit Committee**

#### **1. To review Financial Report**

In order to ensure that the Company's Financial Reports have been performed in accordance with relevant laws and Thai Accounting Standard, Audit Committee would review Quarterly and year ended financial reports together with relevant managements, internal auditors and appointed external auditors. Besides, the Audit Committee has inquired to external auditors, regarding the accuracy of Financial Reports, significant accounting adjustment, accounting records as well as completeness and correctness on accounting disclosure. Moreover, the Audit Committee has focused on the independency of external auditors.

#### **2. To review the effectiveness of Internal Control System**

The Audit Committee has reviewed internal control system together with Internal Audit Department on a regular basis. Internal auditors have focused on operations, risk impact, corrective action plan from relevant parties, as well as reliable of financial report and compliance on relevant laws and regulations. Due to perform the evaluation on sufficiency of internal control in year 2021 in accordance with SEC's guideline, there was no significant deficiency being found.

#### **3. To review monitoring process**

In order to ensure that the company has reasonably operated, the Audit Committee has also reviewed the operation processes in accordance with relevant laws and regulations, including related transactions or any transactions with possibility of conflict of interest within Aeon Group.

**4. To monitor Internal Audit Performance**

The Audit Committee has also reviewed Internal Audit Plan either in short term or long term, as well as reviewing the internal audit tasks in accordance to Internal Audit Plan on a regular basis. In addition, the Audit Committee has reviewed the internal audit results and audit recommendations, which are performed by Internal Audit Department, including corrective action provided by relevant parties. Furthermore, the Audit Committee has performed evaluation on adequacy and appropriateness of internal audit resources, and evaluated Head of Internal Audit Department's performance on a regular basis.

**5. To consider on assigning External Auditor for the Year 2022**

The Audit Committee has agreed to appoint the external auditors from Deloitte Touche Tohmatsu Jaiyos as the Company's external auditor for year 2022, regarding to their professional competency, business knowledge and independent status. Moreover, the Audit Committee would propose the appointment of aforementioned external auditors in the Shareholder Meeting for their approval.

**8.11 Summary of the results of duty performance of sub committee**

The details of the Board of Directors' and Sub-committees' meeting attendance in 2021, please see section 2 Corporate Governance Structure under the Summary of the Board of Directors' and Sub-Committees' Meeting Attendance in 2021

# 9

## **Internal control and related party transactions**

## **9. Internal control and related party transactions**

### **9.1 Internal Control**

In order to ensure that the Company is able to achieve goal and strategy, the Company has realized the significant on establishing the Company's operation system, which are able to support the appropriate internal control and corporate governance in accordance with strategies and organization's culture. Moreover, the Company has arranged the reporting process regarding that every transaction being approved by executive committee, shall be reported to the Board of Directors on a regular basis.

The Company has set the internal control for each process with consideration on appropriateness of internal control system as well as compliance to the laws and relevant regulations. Furthermore, "Three Lines Model" has been implements as delegation of each unit's responsibilities. The First Line of Defense is mean to all operation units, while the various risk control and compliance oversight functions established by management are the second line of defense. Finally, Internal Audit unit would perform the assessment of internal control throughout the Company as the third lines of defense.

Furthermore, the Internal Audit Department assessed the adequacy of internal control according to The Securities of Exchange Commission, Thailand's (SEC) guidance. The assessment result would be proposed to the Audit Committee and the Audit Committee agreed that the Company's internal controls are sufficient and appropriate, including being continuously performed by each unit. The internal control system would be summarized according to COSO as follows;

#### **1. Control Environment**

The Company has arranged good control environment" and adhere with the honesty and ethics, which shall cover daily operations to business partners, customers and external parties. Moreover, the Company has had "Code of Conduct in writing that all employee is required to test their recognition of Code of Conduct on a regular basis.

Furthermore, the Company clearly determines the objectives either long term or short term for both unit level and organization level in order to assist the Company to evaluate their performance. The objectives are also in-lined with the Company's mission and vision. Besides, performance of each level will be evaluated according to aforementioned objectives on an annually basis.

The Company has Directors, who obtain experience, knowledge and ability in order to provide efficient management to the Company. With 3 Audit Committee Members, which obtain qualification according to the criteria, which has been determined by The Stock Exchange of Thailand and The Securities and Exchange Commission, Thailand. The Company has clearly determined roles and responsibilities of each committee, including Policy of the Audit Committee (or "Audit Committee Charter") and Internal Audit Department (or "Internal Audit Charter") in writing.

According to Company's structure, Three Lines Model or Three Lines of Defense is the conceptual of management. Second Line and Third Line have roles and responsibilities to evaluate the appropriateness of internal control, including monitor the compliance of the First Line operation to the laws, regulation, policy and operation manual. Furthermore, segregation of duties has been clearly implemented regarding to approval process, recording of expenses and income, reviewing process, checking and maintaining fixed assets. Thus, this could build the check and balance system, embedded in the Company's operation. The Company also set the Internal Audit Department as the Third Line of Defense, which is independent from operation and management. The Internal Audit Department also directly report to the Audit Committee.



## **2. Risk Assessment**

The Company has performed risk assessment and management, which would be affect to the achievement on objectives or goals. Each operation has considered external and internal risks, and then aforementioned risk assessment shall be proposed to the Risk Management Committee for co-consideration. Moreover, consideration on risks are categorized by type of their impact e.g., financial risk, operational risk, reputation risk, information technology security risk and so on.

Besides, the Company determines risk management measurement for every risk, with concerning on reducing impact of aforementioned risks to the risk acceptance level. In addition, the Company would review and revise business plan and strategy of managing risk on a regular basis in order to respond to the incident on a timely manner. Risk evaluation process would be co-considered between risk owners and Risk Management Committee in order to ensure that the Company could achieve the determined objectives and goals.

## **3. Control Activities**

The Company has determined internal control in the form of Policy, Operation Manual and Work Flow, and set independence unit to perform the second and third lines of defenses' tasks. The Second Lines of Defense would monitor in matter of compliance to the relevant regulations and risk management, while the Third Lines of Defense would review the appropriateness of internal control over operations.

The Company recruits personnel in each unit in accordance with work quantity and appropriateness of internal control on all operations in order to ensure that the operations could efficiency perform regarding to business performance and good internal control.

Furthermore, Internal Audit Department has monitored the significant operation processes of each affiliate company by considering on risks-based approach and significant impact to the Company's business. The Company also sends the Company's top management to participant in affiliate companies' Board of Director Meeting in order to ensure that employee, management and Board of Directors operate in accordance with appropriateness of internal control.

## **4. Information Technology and Communication**

The Company also focus on Information Technology and Communication, which are significant part to support business operation in the digital world. Additionally, information technology system could support internal control system and efficiency on monitoring the Company's business. Besides, the Company also concern regarding to security on information and quality of technology by determining on two authentications for accessing to the Company system and network. The access right of each employee would be considered, which are based upon type of roles and responsibilities. Moreover, the Company arranges firewall for either hardware or software, as well as vulnerability test on a regular basis.

In order to ensure that the Company is able to continuously operate and provide the service to customers under emergency circumstance, thus the Company has organized the test regarding to "Business Continuity Management" on an annually basis.

In the part of communication, the Company has provided communication channels for both within organization and external parties, which would consist of top at the top, which will indicate the Company's vision and mission to drive the Company in the same direction, including provide opportunity to employee to communicate with the top management.

There are several channels for communicating with external parties, which are Website, Facebook, Company's Line Official and AEON Thai Mobile Application with the purpose of providing the products' information, promotion campaign, and company's performance and so on. Customers and partners also have an opportunity to propose their comments in Website, Facebook, Company's Line Official regarding to products and services for further development.

## **5. Monitoring and Evaluation Activities**

There is the auditing process to ensure that all units have operated in accordance with determined internal control system. Internal Audit Department as the independent party also evaluate the sufficient of internal control system, as well as propose the evaluation results to the Audit Committee for consideration. In the case that the Audit Committee do not agree with Internal Auditor's and management's opinion, the Audit Committee can also inquiry for their explanation.

In the case that any audit observations being found, Internal Auditors will discuss with the auditee regarding to root cause and corrective actions. Additionally, Internal Auditors will follow up whether corrective actions are implemented on a regular basis.

## **9.2 The Head of the Internal Audit**

### **Roles and Responsibilities of Internal Audit**

The Company established an Internal Audit Department as an independent function which directly reports to the Audit Committee. The Committee was appointed Miss Kajohnporn Kittisobhone, Vice President-Internal Audit Department; the duties and responsibilities of the Internal Audit Department include reviewing, assessment of efficiency and effectiveness of internal control systems at the corporate level and the level of business-processes, evaluate relevant risks and corporate governance of the Company, its subsidiaries and affiliated companies in the Company's group. Moreover, the Internal Audit Department also provides consultations and advices with the aim of value added to the Company and improving on operational efficiency and control. According to this, the Company schedules meetings for reports of audit results and rectification approaches to Executive Management on a monthly basis and to Audit Committee at least once every three months. The appointment, transfer and termination of employment of the Chief of Internal Audit department shall be subject to the Audit Committee's approval.

In 2021, the Internal Audit Department performed reviewing and assessing the internal control by reviewing operational and business processes of various departments at the Head Office, Branches and Operation centers in each region as well as its subsidiaries and affiliated companies. Furthermore, compliance audits pertaining to relevant laws and regulations which may relate to the Company, its subsidiaries and affiliated companies were also conducted.

### **The opinion of the audit committee on the internal control system**

The Audit Committee Meeting has evaluated the sufficiency of internal control systems by asking and reviewing the information from the Company's management, related departments and Internal Audit Department. The evaluation concluded that the Company has appropriate and sufficient internal control systems. Management control was in place to enable the Company to safeguard assets of the Company and its subsidiaries from authorized uses, ensure the accuracy and reliability of financial reporting, and ensure that business transactions are conducted in accordance with proper approved level of authority. It was also independently reviewed by Internal Audit Department. The Internal Audit Department and Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, the official auditor of the Company's financial reporting, did not find any material non-conformance of the Company's internal control system in 2020.

In addition, the Audit Committee agree that Head of Internal Audit Department is properly qualified and trained regarding to internal audit matter. She also has well knowledge regarding to the Company's business, which is consisted of finance, accounting and auditing. Thus she is appropriate to perform roles as assigned.

### 9.3 Related Party Transaction

#### Details of Related Party Transaction

The Fiscal Year ended on February 28, 2022, the Company had related party transactions with persons with a possibility of conflict of interest, as follows:

Person with possibility to cause conflict	Relationship	Nature/ Size of Transaction	Necessity and Reasonableness of Transactions
<p>ACS Capital Corporation Ltd. ("ACS")</p> <p>A holding company to invest in related companies and operate car leasing business.</p>	<p>- A shareholder of AEONTS, holding 19.20% of shares</p> <p>- One common directors: Mr. Kazumasa Oshima</p>	<p>1. The Company provides management services to ACS with the fee charged as follows:</p> <ul style="list-style-type: none"> <li>Computer service fee at the rate of 200,000 Baht per month, Finance and Accounting operation services fee charged at the rate of 50,000 Baht per month.</li> <li>Collection service fee and legal service fee Service fee as agreed at market price</li> </ul> <p>In FY2021, the Company has total revenue from service of 12,677,167 Baht, consist of Computer service 2,400,000 Baht, Finance and Accounting services 600,000 Baht, Outsource collection 71,115 Baht, Legal service 8,985,532 Baht and other service fee 620,520 Baht. the Company had other expense of 60,000 Baht. As of 28 February 2022, the Company has other receivable of 596,443 Baht.</p> <p>2. In FY2021, the Company had paid the interim dividend and final dividend to ACS totally 247,200,000 Baht.</p>	<p>The Company provides service such as computer system services, and marketing support services. This is the normal business supporting transaction among the affiliated companies. The pricing policy is considered from cost of operation such as human resource cost, system developing cost, servicing time, promotion service through AEONTS networks as well as marketing research which based on the cost plus basis.</p> <p>(Approved by the Board of Director's meeting on March 10, 2020 and September 9, 2020)</p>
<p>AEON (Thailand) Co., Ltd. ("AEON")</p> <p>Retail business</p>	<p>- 3.82% of shares held by the Company</p> <p>- Common ultimate holding company</p>	<p>1. In 2021, the Company had expense with AEON of 16,460,077 Baht, consist of office rental of 3,743,275 Baht, advertising &amp; promotion of 12,599,535 Baht and other expense of 117,267 Baht. As of February 28, 2022, the Company had other receivable of 4,594,875 Baht and other payable of 1,075,781 Baht.</p>	<p>The Company rents the space for ATM machine with AEON, which the rental fee is in the normal course of business and based on general market price.</p>

Person with possibility to cause conflict	Relationship	Nature/ Size of Transaction	Necessity and Reasonableness of Transactions
<p>AEON Financial Service Co., Ltd. (“AEON Financial Service”) Retail Finance</p>	<p>- A major shareholder of AEONTS, holding 35.12% of shares</p>	<p>1. In 2021, the Company has the expense with AEON Finance Service of 203,957,778 Baht, consist of technical assistant fee of 157,209,745 Baht, personnel expense of 13,608,384 Baht, Other administrative expenses of 17,038,742 Baht and financial cost of 16,100,907 Baht. As of February 28, 2022, the Company has other receivable of 128,219 Baht, and other payable of 57,387,156 Baht.</p> <p>2. In 2021, the Company has paid the interim dividend and final dividend to AEON Financial Service totally 452,170,000 Baht.</p>	<p>AEON Financial Service provides the technical assistant to the Company as AEON Financial Service needs to support other AEON Financial Service companies’ group under the same direction. Therefore, they provide management support, staff, technical, marketing strategies and computer system for cost efficiency.</p> <p>AEON Financial Service has charged the technical assistance fee for all oversea listed companies in AEON Financial Service companies’ group.</p> <p>The technical assistance fee is paid to AEON Financial Service as stated in the agreement. However, the value of transaction is unable to declare with any market price, the value of transaction is then determined on time consume basis among the oversea listed companies in AEON Financial Service companies’ group and based on the cost plus basis.</p> <p>(Approved by the Board of Director’s meeting on July 7, 2020)</p>
<p>AEON Credit Service Co., Ltd. (“AEON Credit Service”) Retail Finance</p>	<p>- Common ultimate holding company</p>	<p>1. In FY2021 the Company paid personnel expense to AEON Credit Service of 11,521,997 Baht.</p> <p>2. As of February 28, 2022, the Company has other receivable of 645,879 Baht, and other payable of 3,560,779 Baht.</p>	<p>AEON Credit Service provides the personnel support to the Company as AEON Financial Service needs to support other AEON Financial Service companies’ group under the same direction. Therefore, they encourage AEON Credit Service to provide skilled personnel support to other AEON Financial Service companies’ group.</p> <p>The value of transaction is determined on the actual cost occurred.</p>

Person with possibility to cause conflict	Relationship	Nature/ Size of Transaction	Necessity and Reasonableness of Transactions
AEON Bank Ltd. (“AEON Bank”)  Banking Business	- Common ultimate holding company	<p>1. In FY2021, the Company paid personnel expense to AEON Bank of 16,428,023 Baht. As of February 28, 2022, the Company had other payables of 1,094,123 Baht.</p> <p>2. The Company had long term loan from AEON Bank. In FY2021, the Company had interest expense of 7,289,542 Baht. As of February 28, 2022 the Company has already repaid long-term borrowings in JPY currency from a related company which is a bank in Japan.</p>	<p>AEON Bank provides the personnel support to the Company as AEON Financial Service needs to support other AEON Financial Service companies’ group under the same direction. Therefore, they encourage AEON Bank to provide skilled personnel support to other AEON Financial Service companies’ group.</p> <p>The value of transaction is determined on the actual cost occurred.</p> <p>The Company has long term loan from AEON Bank, which the Condition is based on general market interest rate and in the normal course of business.</p>

Note: - Revenues relating to securitization transactions are determined by the Company and the related company in accordance with securitization project (see Notes to Financial Statements No.31 and 36)

- The Related Party Transaction in the past 3 years. Shareholders/Investors can view historical information from annual report which was released on IR website.

### **Opinion of the Audit Committee on the Connected Transaction**

The audit committee has an opinion that these transactions are reasonable with the price and condition being fair as well as maximize the benefit to the Company. These are supporting normal business transactions in accordance to the business nature and practice and not intended to be beneficial to anyone or any group of person. Pricing and fee are able to declare with the market price (if any), otherwise to be determined by the Company and contracted parties based on cost plus basis.

### **Measures and Procedures for the Approval of Related Parties Transactions**

The Company has a measure not allowing its management or persons who have direct or indirect interest to involve in the approval of the related transaction between the Company and persons with possibility to cause conflicts. The Company also arranges the audit committee to consider and provide the opinion on such related transactions.

### **Policy and Tendency of Related Party Transactions in the Future**

The Company has policy to continue to enter into the present related party transactions in the future. Such transactions include the lease of areas, loans, and credit card business with Aeon and Jay Mart, Management service to ACS Capital, AEON Insurance Service, and ACS Servicing, Technical assistant service provided by Aeon Financial Service, and System development service provided by AEON Credit Service Systems (Philippines) Inc. In doing such transactions, the Company will set forth conditions in accordance with general terms and conditions as well as the market value, the Company shall arrange the audit committee, auditor or independent specialist to examine and provide opinion about the reasonableness of the transactions and the fairness of the value.

The Board of Directors shall execute the related party transactions to be made in the future in compliance with the securities and exchange act, the regulations of the Stock Exchange of Thailand and the regulation regarding information disclosure of connected transaction and acquisition and disposition of the assets of the Company.

If the Company makes any transactions with persons with possibility of causing a conflict of interest in the future, the Company shall have the audit committee to provide an opinion on the reasonableness of the transactions. If the audit committee has no skill in considering the related party transaction, the Company shall then arrange the specialist, such as the auditor or appraiser or law firm, who is independent from the Company and the persons with possibility of causing a conflict of interest to provide an opinion on the related party transaction. The opinion of the audit committee or the specialist will be used by the Board of Directors or the shareholders, as the case may be, in making a decision upon the matter.

# 10

## **Financial Statements**

**REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**  
**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS**  
**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED**

**Opinion**

We have audited the consolidated financial statements of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of AEON Thana Sinsap (Thailand) Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at February 28, 2022, and the related consolidated and separate statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries and of AEON Thana Sinsap (Thailand) Public Company Limited as at February 28, 2022, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

**Basis for Opinion**

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Audit Responses
<p><b>Allowance for expected credit loss</b></p> <p>The allowance for expected credit loss of trade receivables is considered to be a key audit matter as there are management's judgment and assumptions applied to the calculation including forward economic looking and post model adjustments.</p> <p>The Group and the Company have applied Thai Financial Reporting Standard No.9 - Financial Instruments ("TFRS9"). This standard requires the Group and the Company to recognize impairment loss based on expected credit loss.</p> <p>The Group and the Company calculated allowance for expected credit loss on trade receivables based on forward-looking information basis by calculating on a probability-weighted credit losses with respective risk of expected cash shortfalls either based on credit events arising in the 12 months from the reporting date or based on credit events arising over the lifetime of the financial instrument; depending on the significant increase in credit risk ("SICR") since initial recognition.</p>	<p>Key audit procedures included</p> <ul style="list-style-type: none"> <li>• Reviewed management written policies, which were collaborated from the Group and the Company management's experts, and procedures to derive the allowance for expected credit loss estimate. Determining whether the policies and procedures for the estimation are incorporate with the requirements of TFRS 9 and properly approved by the appropriate level of management</li> <li>• Obtained an understanding of the Group's and Company's design of internal controls over significant input data used in the calculation of allowance for expected credit loss, and calculation of allowance for expected credit loss</li> <li>• Evaluated the design and implementation and performed operating effectiveness testing of key internal controls over significant input data used in the calculation of allowance for expected credit loss, and calculation of allowance for expected credit loss</li> </ul>

Key Audit Matters	Audit Responses
<p><b>Allowance for expected credit loss</b> (continued)</p> <p>The post model adjustment may also be recorded by the Group and the Company using credit expert assumptions and judgment where the inputs, assumptions and/or modelling techniques do not capture all relevant risk factors in respect to the current economic conditions and market circumstances.</p> <p>Accounting policy for the allowance for expected credit loss and detail of allowance for expected credit loss were disclosed in Note 3.2.2 and Note 5 to the financial statements, respectively.</p>	<ul style="list-style-type: none"> <li>• Evaluated the design and implementation and performed operating effectiveness testing of key General Computer Controls over the IT processing environment for retail finance system with the involvement of IT specialists</li> <li>• Involved our internal specialists to assess the model documentation. This included assessing the appropriateness of model design, assumptions, inputs, formulas used and post model adjustments, we tested the data used in the ECL calculation by reconciling to source systems</li> <li>• Evaluating relevant inputs and assumptions used by management in each stage of the expected credit loss calculation by considering whether the inputs and assumption appear reasonable, considering the historical loss experience and adjust this for current observable data and considering the relationship between those assumptions and forecast of reasonable and supportable future economic conditions</li> <li>• Tested calculation of allowance for expected credit loss for a sample of models.</li> <li>• Performed analysis of the Group's and the Company's allowance for expected credit loss by comparing to historical data and considering related macroeconomic factors.</li> </ul>

### **Other Information**

Management is responsible for the other information. The other information comprises information in the annual report, but does not include the consolidated and separate financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to management and those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**BANGKOK**  
April 28, 2022

Nisakorn Songmanee  
Certified Public Accountant (Thailand)  
Registration No. 5035  
**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

## AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION

AS AT FEBRUARY 28, 2022

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		February 28,	February 28,	February 28,	February 28,
		2022	2021	2022	2021
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	4,235,603	5,105,168	2,639,136	3,157,192
Trade and other current receivables					
Trade receivables	5	76,839,427	73,525,984	73,982,280	69,057,533
Other receivables	6	518,100	826,607	412,773	672,233
Fixed deposits at banks under obligations	7	3,000	-	-	-
Seller loan in Special Purpose Vehicle					
for securitization	12	-	-	275,773	219,626
Current portion of derivative assets	25	82,380	-	82,380	-
Current tax assets		7,805	-	-	-
Other current assets		101,352	103,068	43,071	45,098
Total Current Assets		81,787,667	79,560,827	77,435,413	73,151,682
NON-CURRENT ASSETS					
Trade receivables	5	3,236,973	2,313,359	1,512,440	1,776,888
Fixed deposits at banks under obligations	7	41,333	38,968	-	-
Long-term loan to a subsidiary	8	-	-	130,244	119,494
Investment in an associate	9.1 and 9.2	-	-	-	-
Investments in subsidiaries	9.2	-	-	1,210,909	1,206,645
Investment in equity securities designated at fair value					
through profit or loss	10	5,062	5,062	5,062	5,062
Investment in equity securities designated at fair value					
through other comprehensive income	11	144,000	-	144,000	-
Subordinated lendings	13.1	-	-	84,074	84,074
Leasehold improvement and equipment	14	622,934	793,455	528,845	643,783
Right-of-use assets	15	611,069	665,748	538,356	536,182
Intangible assets other than goodwill	16	920,386	696,556	777,857	530,380
Derivative assets	25	293,795	-	293,795	-
Deferred tax assets	17	2,624,482	3,122,541	2,524,973	3,023,235
Other non-current assets	18	181,687	191,986	167,847	173,279
Total Non-current Assets		8,681,721	7,827,675	7,918,402	8,099,022
TOTAL ASSETS		90,469,388	87,388,502	85,353,815	81,250,704

Notes to the financial statements form an integral part of these statements

## AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT FEBRUARY 28, 2022

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		February 28,	February 28,	February 28,	February 28,
		2022	2021	2022	2021
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	19	9,171,904	10,379,071	7,941,240	7,860,000
Trade and other current payables					
Trade payables		269,599	556,154	248,207	413,004
Other payables	20	1,628,020	1,384,259	1,550,316	1,266,934
Current portion of long-term liabilities					
Long-term borrowings	22	17,090,217	3,839,423	16,317,580	3,839,423
Long-term debentures	24	3,798,878	3,156,040	3,798,878	3,156,040
Derivative liabilities	25	654,801	1,287,130	654,801	1,287,130
Lease liabilities	21	356,328	453,755	312,304	384,411
Current income tax payable		379,519	629,183	348,000	558,537
Other current liabilities		387,092	332,850	394,973	359,400
Total Current Liabilities		33,736,358	22,017,865	31,566,299	19,124,879
NON-CURRENT LIABILITIES					
Long-term borrowings	22	30,896,445	38,982,198	28,578,535	36,807,309
Long-term borrowings under securitization project	23	-	-	1,401,709	1,489,622
Long-term debentures	24	4,460,676	6,269,361	2,987,594	4,796,279
Derivative liabilities	25	212,925	1,858,375	212,925	1,858,375
Lease liabilities	21	268,650	235,874	240,121	174,184
Subordinated borrowings	13.2	84,074	84,074	-	-
Provisions for employee benefit	26	463,335	478,346	419,132	431,606
Other non-current liabilities		82,962	82,745	68,102	70,039
Total Non-current Liabilities		36,469,067	47,990,973	33,908,118	45,627,414
TOTAL LIABILITIES		70,205,425	70,008,838	65,474,417	64,752,293

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT FEBRUARY 28, 2022

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		February 28,	February 28,	February 28,	February 28,
		2022	2021	2022	2021
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
SHAREHOLDERS' EQUITY	27				
SHARE CAPITAL					
Authorized share capital					
250,000,000 ordinary shares of Baht 1 each		250,000	250,000	250,000	250,000
Issued and paid-up share capital					
250,000,000 ordinary shares of Baht 1 each, fully paid		250,000	250,000	250,000	250,000
SHARE PREMIUM ON ORDINARY SHARES		478,000	478,000	478,000	478,000
RETAINED EARNINGS					
Appropriated					
Legal reserve	28	25,000	25,000	25,000	25,000
Reserve for business expansion		4,850,000	4,850,000	4,850,000	4,850,000
Unappropriated		14,808,860	12,471,581	14,703,739	11,790,986
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY	30				
Exchange differences on translating financial statements of foreign operations		(95,808)	(121,225)	-	-
Cumulative loss on cash flow hedges		(427,341)	(895,575)	(427,341)	(895,575)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		19,888,711	17,057,781	19,879,398	16,498,411
NON-CONTROLLING INTERESTS		375,252	321,883	-	-
TOTAL SHAREHOLDERS' EQUITY		20,263,963	17,379,664	19,879,398	16,498,411
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		90,469,388	87,388,502	85,353,815	81,250,704

Notes to the financial statements form an integral part of these statements



## AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED FEBRUARY 28, 2022

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS For the years ended		SEPARATE FINANCIAL STATEMENTS For the years ended	
		February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
REVENUES					
Credit card income		6,462,205	6,451,389	6,370,437	6,686,090
Loan income	31	10,367,574	11,121,325	10,208,931	10,635,684
Hire-purchase income		1,073,176	1,014,306	308,562	307,083
Other income					
Bad debt recovery		1,423,426	1,229,668	1,423,426	1,229,668
Gain on sale of written-off receivables	41.3 and 41.4	319,764	249,699	319,764	249,699
Collection service income		209,682	245,827	29	772
Commission income		682,021	510,225	627,331	-
Dividend income		-	-	334,400	218,800
Others		253,574	479,463	123,759	127,061
Total other income		2,888,467	2,714,882	2,828,709	1,826,000
Total Revenues		20,791,422	21,301,902	19,716,639	19,454,857
EXPENSES					
Operating and administrative expenses		7,671,368	8,143,639	6,924,615	7,079,068
Directors and managements' remuneration	32	161,119	159,049	104,064	96,855
Loss on revaluation of investment		-	14,009	-	14,009
Loss on impairment of investment	9.2	-	-	-	16,819
Loss on sale and write-off of leasehold improvement and equipment and intangible assets other than goodwill		11,099	6,802	9,710	6,780
Total Expenses	34	7,843,586	8,323,499	7,038,389	7,213,531
Finance costs		1,744,665	2,096,253	1,826,482	2,111,178
Expected credit loss		6,629,397	6,209,605	5,771,184	5,442,340
Share of loss of an associate using equity method	9.1	-	25,431	-	-
PROFIT BEFORE INCOME TAX		4,573,774	4,647,114	5,080,584	4,687,808
INCOME TAX EXPENSE	35	999,880	967,080	947,393	876,858
PROFIT FOR THE YEAR		3,573,894	3,680,034	4,133,191	3,810,950
PROFIT (LOSS) ATTRIBUTABLE TO :					
Owners of the parent		3,553,041	3,689,643	4,133,191	3,810,950
Non-controlling interests		20,853	(9,609)	-	-
		3,573,894	3,680,034	4,133,191	3,810,950
BASIC EARNINGS PER SHARE					
	BAHT	14.21	14.76	16.53	15.24
WEIGHTED AVERAGE NUMBER OF					
ORDINARY SHARES	SHARES	250,000,000	250,000,000	250,000,000	250,000,000

Notes to the financial statements form an integral part of these statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED FEBRUARY 28, 2022

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS For the years ended		SEPARATE FINANCIAL STATEMENTS For the years ended	
		February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
Profit for the year		3,573,894	3,680,034	4,133,191	3,810,950
Other comprehensive income (loss), net of tax					
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences on translating financial statements of foreign operations					
- Owners of the parent	30	25,417	56,570	-	-
- Non-controlling interests		49,914	1,385	-	-
Gain on cash flow hedges	30	468,234	451,273	468,234	451,273
Components of other comprehensive income that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans		71,722	(21,857)	67,046	(22,530)
Other comprehensive income for the year, net of tax		615,287	487,371	535,280	428,743
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>4,189,181</b>	<b>4,167,405</b>	<b>4,668,471</b>	<b>4,239,693</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO :</b>					
Owners of the parent		4,118,414	4,175,629	4,668,471	4,239,693
Non-controlling interests		70,767	(8,224)	-	-
		<b>4,189,181</b>	<b>4,167,405</b>	<b>4,668,471</b>	<b>4,239,693</b>

Notes to the financial statements form an integral part of these statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED FEBRUARY 28, 2022

UNIT : THOUSAND BAHT

Notes	CONSOLIDATED FINANCIAL STATEMENTS									Non-controlling interests	Total shareholders' equity
	Owners of the parent						Total owners of the parent				
	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Other components of shareholders' equity						
			Appropriated Legal reserve	Unappropriated Reserve for business expansion	Exchange differences on translating financial statements of foreign operations	Cumulative loss on cash flow hedges					
Beginning balance as at March 1, 2020	250,000	478,000	25,000	4,850,000	9,903,788	(177,795)	(1,346,848)	13,982,145	354,501	14,336,646	
Changes during the year											
Dividend paid	27.1	-	-	-	-	(637,495)	-	-	(637,495)	(24,394)	(661,889)
Interim dividend paid	27.2	-	-	-	-	(462,498)	-	-	(462,498)	-	(462,498)
Profit (loss) for the year		-	-	-	-	3,689,643	-	-	3,689,643	(9,609)	3,680,034
Other comprehensive income (loss)		-	-	-	-	(21,857)	56,570	451,273	485,986	1,385	487,371
Ending balance as at February 28, 2021		250,000	478,000	25,000	4,850,000	12,471,581	(121,225)	(895,575)	17,057,781	321,883	17,379,664
Beginning balance as at March 1, 2021		250,000	478,000	25,000	4,850,000	12,471,581	(121,225)	(895,575)	17,057,781	321,883	17,379,664
Changes during the year											
Dividend paid	27.3	-	-	-	-	(662,488)	-	-	(662,488)	(17,398)	(679,886)
Interim dividend paid	27.4	-	-	-	-	(624,996)	-	-	(624,996)	-	(624,996)
Profit for the year		-	-	-	-	3,553,041	-	-	3,553,041	20,853	3,573,894
Other comprehensive income		-	-	-	-	71,722	25,417	468,234	565,373	49,914	615,287
Ending balance as at February 28, 2022		250,000	478,000	25,000	4,850,000	14,808,860	(95,808)	(427,341)	19,888,711	375,252	20,263,963

Notes to the financial statements form an integral part of these statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)  
FOR THE YEAR ENDED FEBRUARY 28, 2022

UNIT : THOUSAND BAHT

	Notes	SEPARATE FINANCIAL STATEMENTS						
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Unappropriated	Other components of share holders' equity Cumulative loss on cash flow hedges	Total share holders' equity
				Legal reserve	Reserve for business expansion			
Beginning balance as at March 1, 2020		250,000	478,000	25,000	4,850,000	9,102,559	(1,346,848)	13,358,711
Changes during the year								
Dividend paid	27.1	-	-	-	-	(637,495)	-	(637,495)
Interim dividend paid	27.2	-	-	-	-	(462,498)	-	(462,498)
Profit for the year		-	-	-	-	3,810,950	-	3,810,950
Other comprehensive income (loss)		-	-	-	-	(22,530)	451,273	428,743
Ending balance as at February 28, 2021		250,000	478,000	25,000	4,850,000	11,790,986	(895,575)	16,498,411
Beginning balance as at March 1, 2021		250,000	478,000	25,000	4,850,000	11,790,986	(895,575)	16,498,411
Changes during the year								
Dividend paid	27.3	-	-	-	-	(662,488)	-	(662,488)
Interim dividend paid	27.4	-	-	-	-	(624,996)	-	(624,996)
Profit for the year		-	-	-	-	4,133,191	-	4,133,191
Other comprehensive income		-	-	-	-	67,046	468,234	535,280
Ending balance as at February 28, 2022		250,000	478,000	25,000	4,850,000	14,703,739	(427,341)	19,879,398

Notes to the financial statements form an integral part of these statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED FEBRUARY 28, 2022

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the years ended		For the years ended	
		February 28,	February 28,	February 28,	February 28,
		2022	2021	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit for the year		3,573,894	3,680,034	4,133,191	3,810,950
Adjustments for:					
Income tax expense		999,880	967,080	947,393	876,858
Share of loss of an associate using equity method		-	25,431	-	-
Expected credit loss		6,629,397	6,209,605	5,771,184	5,442,340
Loss on revaluation of investment		-	14,009	-	14,009
Loss on impairment of investment		-	-	-	16,819
Depreciation of leasehold improvement and equipment and right-of-use assets		896,111	940,360	755,706	785,823
Amortization of intangible assets other than goodwill		202,899	182,510	160,671	142,890
Loss on sale of leasehold improvement and equipment and intangible assets other than goodwill		7,594	5,690	8,269	6,041
Loss on write-off of leasehold improvement and equipment		3,505	1,112	1,441	739
Employee benefit expense		111,832	113,546	98,239	95,995
Gain on sales of written-off receivables		(319,764)	(249,699)	(319,764)	(249,699)
Unrealized (gain) loss on exchange rate		-	-	(10,750)	6,364
Gain on discount received from lease agreements		(11,833)	(1,184)	(11,833)	(1,184)
(Gain) loss on cancellation of lease agreements		(1,399)	(3,491)	(724)	1,832
Interest income		(13,286,167)	(13,315,045)	(11,802,682)	(11,512,460)
Dividend income		-	-	(334,400)	(218,800)
Finance costs		1,744,665	2,096,253	1,826,482	2,111,178
		550,614	666,211	1,222,423	1,329,695
Operating assets (increase) decrease					
Trade and other current receivables		(9,988,237)	(2,485,630)	(10,086,966)	(2,755,020)
Other current assets		2,206	(27,963)	2,027	(6,070)
Other non-current assets		10,736	19,841	5,432	8,494
Operating liabilities increase (decrease)					
Trade and other current payables		(202,520)	38,290	(29,646)	51,096
Other current liabilities		58,566	74,360	35,573	57,419
Other non-current liabilities		639	65,298	(678)	68,026
Cash paid for operations		(9,567,996)	(1,649,593)	(8,851,835)	(1,246,360)
Proceeds from interest income		12,962,299	13,162,835	11,476,511	11,353,180
Dividend received		-	-	334,400	218,800
Finance costs paid		(1,719,684)	(2,240,671)	(1,816,105)	(2,260,260)
Income tax paid		(881,461)	(1,320,019)	(793,737)	(1,182,495)
Employee benefits paid	26	(37,256)	(55,940)	(28,578)	(45,144)
Cash received from transfer of employees from a subsidiary	26	-	-	1,673	-
Net cash provided by operating activities		755,902	7,896,612	322,329	6,837,721

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED FEBRUARY 28, 2022

UNIT : THOUSAND BAHT

UNIT: THOUSAND DOLLARS					
	Notes	CONSOLIDATED FINANCIAL STATEMENTS For the years ended		SEPARATE FINANCIAL STATEMENTS For the years ended	
		February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Cash paid for fixed deposits at banks under obligations		(2,325)	(17)	-	-
Cash paid for investment in a subsidiary	9.2	-	-	(4,264)	-
Cash paid for purchase of leasehold improvement and equipment	4.2	(198,248)	(317,907)	(163,775)	(257,443)
Proceeds from sale of leasehold improvement and equipment		18,211	1,364	1,689	569
Cash paid for purchase of intangible assets other than goodwill	4.2	(291,549)	(220,327)	(275,782)	(149,944)
Proceeds from sale of intangible assets other than goodwill		1,642	1,166	-	-
Cash paid for investment in equity securities designated at fair value through other comprehensive income	11	(144,000)	-	(144,000)	-
Net cash used in investing activities		(616,269)	(535,721)	(586,132)	(406,818)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from bank overdrafts and short-term borrowings from financial institutions	4.4	92,796,090	85,656,321	87,359,879	74,910,000
Cash repayments for bank overdrafts and short-term borrowings from financial institutions	4.4	(93,968,202)	(82,645,247)	(87,278,639)	(70,450,056)
Proceeds from long-term borrowings	4.4	7,194,654	10,237,763	6,554,661	8,704,388
Cash repayments for long-term borrowings	4.4	(4,191,220)	(11,515,044)	(4,191,220)	(11,014,350)
Proceeds from long-term borrowings under securitization project	4.4	-	-	491,631	542,151
Cash repayments for long-term borrowings under securitization project	4.4	-	-	(491,631)	(542,151)
Proceeds from long-term debentures issuance	4.4	2,063,600	-	2,063,600	-
Cash repayments for long-term debentures	4.4	(3,403,200)	(7,627,700)	(3,403,200)	(7,627,700)
Cash paid for lease liabilities	4.4	(564,337)	(565,394)	(488,719)	(475,574)
Proceeds from sales of written-off receivables		416,869	317,142	416,869	317,142
Cash paid for dividend		(681,842)	(659,118)	(662,488)	(637,495)
Cash paid for interim dividend		(624,996)	(462,498)	(624,996)	(462,498)
Net cash used in financing activities		(962,584)	(7,263,775)	(254,253)	(6,736,143)
Net increase (decrease) in cash and cash equivalents		(822,951)	97,116	(518,056)	(305,240)
Exchange differences on translating foreign currencies		(46,614)	14,495	-	-
Cash and cash equivalents at the beginning of the year		5,105,168	4,993,557	3,157,192	3,462,432
<b>Cash and cash equivalents at the end of the year</b>	4.1	4,235,603	5,105,168	2,639,136	3,157,192

Notes to the financial statements form an integral part of these statements

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2022**

**1. OPERATIONS OF THE COMPANY**

The Company was registered as a limited company under the Civil and Commercial Code on September 18, 1992 and registered to be Public Company Limited with the Ministry of Commerce on August 7, 2001. The Company was listed on The Stock Exchange of Thailand on December 11, 2001. The Company's head office is located at 388, 27<sup>th</sup> Floor, Exchange Tower, Sukhumvit Road, Klongtoey, Bangkok. The Company's main objective is to do the retail finance services which consist of credit card, hire-purchase and personal loans, and others. Subsequently, on October 6, 2020, the Company has registered another objective which is to conduct life and non-life insurance brokerage business.

As at February 28, 2022 and 2021, the Company has head office and branches totaling 101 locations and 103 locations, respectively.

AEON Financial Service Co., Ltd., incorporated in Japan, and ACS Capital Corporation Limited, incorporated in Thailand, are major shareholders with 35.12% and 19.20% shareholdings, respectively. AEON Co., Ltd., incorporated in Japan, is the ultimate parent company.

The Company has subsidiaries which are under its control in finance and operations and an associate which the Company has significant influence, but no control or joint control, over the financial and operating policies as mentioned in Note 2.4, Note 9.1 and Note 9.2.

**Coronavirus Disease 2019 Pandemic**

A novel coronavirus ("COVID-19") pandemic started in early 2020 in Thailand and countries the Group operate. It clearly affects overall Thailand and global economy, including the Company and the Group's employees, customers, business partners and business operations.

In order to mitigate the impacts, the Company provides supports to customers as the relief measurement for loan to affected customer from the impact of COVID-19, following to the Bank of Thailand's the relief measurement to help debtors from the Thai economic situation, by reducing minimum payment rates for credit card and personal loan and providing grace period for principal and interest according to conditions and terms specified by the Company.

Moreover, AEON Microfinance (Myanmar) Co., Ltd. (the "subsidiary") has temporarily suspended new loans to customers due to the impact of the political turmoil in Myanmar since February 1, 2021. The subsidiary has continuously reduced operation costs and continued pursuing debt collection.

Nevertheless, the Group's and Company's management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

## 2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

- 2.1 The Group and the Company maintain its accounting records in Thai Baht and prepare their statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

The English version of the consolidated and separate financial statements have been prepared from the Thai version of the consolidated and separate financial statements prepared by law. In the event of any conflict or different interpretation of the two different languages, the Thai version consolidated and separate financial statements in accordance with the Thai law is superseded.

- 2.2 The Group's and the Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2021 onwards, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statement (No. 3) B.E. 2562" dated December 26, 2019.

- 2.3 The consolidated financial statements for the years ended February 28, 2022 and 2021 included the accounts of the Company and its subsidiaries and interest in equity-accounted in an associate. Significant transactions and balances between the Company and its subsidiaries have been eliminated.

- 2.3.1 Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Loss in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

If the Company losses control in a subsidiary, it will derecognize the assets and liabilities, any non-controlling interests and the other components of shareholders' equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an investment in equity securities depending on the level of influence retained.

- 2.3.2 An associate is an entity in which the Company has significant influence, but no control or joint control, over the financial and operating policies.

Interest in the associate is accounted for using the equity method. It is recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investee, until the date on which significant influence ceases.



2.4 For the years ended February 28, 2022 and 2021, the subsidiaries included in the consolidated financial statements are as follows:

	Business type	Country of registration	Registration date	Percentage of direct and indirect holdings (%)	
				2022	2021
ACS Servicing (Thailand) Company Limited	Collection servicer	Thailand	March 13, 2007	100.00	100.00
ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)	Non-life insurance broker and life insurance broker	Thailand	July 1, 2013	100.00	100.00
AEON Specialized Bank (Cambodia) Plc. <sup>(3)</sup>	Retail finance business	Cambodia	October 5, 2011	50.00	50.00
AEON Microfinance (Myanmar) Company Limited	Retail finance business	Myanmar	November 2, 2012	100.00	100.00
AEON Leasing Service (Lao) Company Limited <sup>(1)</sup>	Retail finance business	Laos	January 11, 2013	100.00	100.00
ATS Rabbit Special Purpose Vehicle Company Limited <sup>(2)</sup>	Special purpose juristic person in securitization projects	Thailand	March 20, 2015	48.75	48.75

(1) The Company indirectly holds shares of AEON Leasing Service (Lao) Company Limited through ACS Servicing (Thailand) Company Limited with 3.71% shareholding.

(2) The Company has the power to control over ATS Rabbit Special Purpose Vehicle Company Limited because the Company has power to appoint the board of directors and rights to provide certain service which is significantly impacted by the performance of underlying assets and has rights to get variable return from such company under securitization project.

(3) The Company has the power to control over AEON Specialized Bank (Cambodia) Plc. in accordance with the requirement of TFRS No.10 "Consolidated Financial Statements".

For the years ended February 28, 2022 and 2021, the consolidated financial statements include equity interest in an associate as follows:

	Business type	Country of registration	Registration date	Percentage of direct and indirect holdings (%)	
				2022	2021
ACS Trading Vietnam Company Limited	Retail finance business	Vietnam	May 26, 2008	- <sup>(1)</sup>	20.00

(1) Since November 29, 2021, the proportion of the Company's shareholding in ACS Trading Vietnam Company Limited ("ACS Trading Vietnam") decreased from 20% to 3.03% because the Company waived the rights to purchase the increased share capital in ACS Trading Vietnam. This resulted in reclassification of the investment from investment in an associate to investment in equity securities measured at fair value through profit or loss (see Note 9.1).

The significant accounting policies used for the financial statements of the subsidiaries and the associate are adjusted to be the same as those of the Company.

2.5 The financial statements of the subsidiaries and the associate used in the preparation of consolidated financial statements are as of a date or for a period that is different from that of the consolidated financial statements. However, the Company consolidated the financial information of the subsidiaries and the associate using the most recent financial statements of the subsidiaries and the associate adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements. The dates of the end of the reporting period of the financial statements of the aforementioned subsidiaries and the associate are as follows:

	The date of the end of the reporting period in preparation of the consolidated financial statements For the years ended	
	February 28, 2022	February 28, 2021
<b>Subsidiaries</b>		
ACS Servicing (Thailand) Company Limited	December 31, 2021	December 31, 2020
ACSI (Thailand) Co., Ltd., (formerly AEON Insurance Service (Thailand) Company Limited)	December 31, 2021	December 31, 2020
AEON Specialized Bank (Cambodia) Plc.	December 31, 2021	December 31, 2020
AEON Microfinance (Myanmar) Company Limited	December 31, 2021	December 31, 2020
AEON Leasing Service (Lao) Company Limited	December 31, 2021	December 31, 2020
<b>Associate</b>		
ACS Trading Vietnam Company Limited	- <sup>(1)</sup>	December 31, 2020

<sup>(1)</sup> Since November 29, 2021, the proportion of the Company's shareholding in ACS Trading Vietnam Company Limited ("ACS Trading Vietnam") decreased from 20% to 3.03% because the Company waived the rights to purchase the increased share capital in ACS Trading Vietnam. This resulted in reclassification of the investment from investment in an associate to investment in equity securities measured at fair value through profit or loss (see Note 9.1).

## 2.6 Thai Financial Reporting Standards affecting the presentation and disclosure in the current year financial statements

During the year, the Group and the Company have adopted the revised financial reporting standards and the Conceptual Framework for Financial Reporting issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to references to the Conceptual Framework in TFRSs, the amendment for definition of business, the amendment for definition of materiality and accounting requirements for interest rate reform. The adoption of these financial reporting standards does not have any significant impact on the Group and the Company's financial statements.

### Accounting Treatment Guidance on "The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand's economy"

The objective of this accounting treatment guidance is to grant the temporary relief measures for entities helping their debtors affected from the situations that affected Thailand's economy with the helping period during January 1, 2020 to December 31, 2021 or until there are any changes from the Bank of Thailand, which requires the compliance for such changes. The entities who support their debtors and elect to apply this accounting treatment guidance should comply with all relief measures specified in this accounting treatment guidance.

In addition, the Federation of Accounting Professions has issued the Notification regarding the amendments to Thai Financial Reporting Standards which have been announced in the Royal Gazette on December 22, 2021, as follows:

- Accounting Treatment Guidance on "Guidelines for supporting debtors affected by COVID-19", which the objective of this accounting treatment guidance is to grant the temporary relief measures for entities helping their debtors affected from COVID-19 with the supporting period during January 1, 2022 to December 31, 2023 or until there are any changes from the Bank of Thailand, which requires the compliance for such changes. The entities who support their debtors and elect to apply the temporary relief measures according to this accounting treatment guidance should disclose information as specified in this accounting treatment guidance.

For the year ended February 28, 2022, the Group and the Company have adhered to such Accounting Treatment Guidance regarding staging of receivables. For receivables that are credit impaired but still have the potential for repayment, the Group and the Company will classify the receivables as low credit risk (Stage 1) if the debtor has been repaying for 3 consecutive months or 3 payment periods, whichever is longer.

In the case where debt restructuring results in the original effective interest rate not reflecting the projected cash flows from such debts, the Group and the Company will adhere to such Accounting Treatment Guidance by using the new effective interest rate to calculate the present value of the restructured debts under the guidelines in the relief measurement to help debtors following the Bank of Thailand's circular letter.

#### The Rent Concessions related to COVID-19

The Group and the Company elected to adopt the amendments to Thai Financial Reporting Standards No. 16 "Leases" ("TFRS 16") relating to COVID-19 related Rent Concessions. The amendment permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. Any reduction in lease payments affects only payments originally due on or before June 30, 2022 and there is no substantive change to other terms and conditions of the lease.

The Group's and the Company's management have adopted such aforementioned practical expedient in the preparation of the financial statements for year ended February 28, 2022.

#### 2.7 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Amendment to Thai Financial Reporting Standards No. 16 "Leases" ("TFRS 16") added the requirements for the temporary exception arising from the Phase 2 of the interest rate benchmark reform amendments, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. This revised TFRS 16 has been announced in the Royal Gazette on January 27, 2021.

The Federation of Accounting Professions has issued the Notification regarding the amendments to Thai Financial Reporting Standards No. 4 "Insurance Contracts", Thai Financial Reporting Standards No. 7 "Financial Instruments: Disclosures", and Thai Financial Reporting Standards No. 9 "Financial Instruments", which have been announced in the Royal Gazette on June 28, 2021 and will be effective for the financial statements for the period beginning on or after January 1, 2022 onwards with earlier application permitted. The amendment to such Thai Financial Reporting Standards are relevant to the Phase 2 of the interest rate benchmark reform amendments which provided practical expedients for the modification of the contractual cash flows of financial assets or financial liabilities resulted from the interest rate benchmark reform, including temporary exceptions from specific hedge accounting requirements, and additional disclosure requirements of TFRS 7.

The Group's and the Company's management will adopt such TFRSs in the preparation of the Group's and the Company's financial statements when they become effective. The Group's and the Company's management is in the process to assess the impact of these TFRSs on the financial statements of the Group and the Company in the period of initial application.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis except as disclosed in the following:

#### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hands, all deposits at financial institutions with the original maturities of three months or less and highly liquid short-term investments, excluding cash at banks used as collateral.

#### 3.2 Financial instruments

Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position and the Company's separate statement of financial position when the Group and the Company become a party to the contractual provisions of the instrument.

##### 3.2.1 Classification and Measurement

##### 3.2.1.1 Classification

###### *Financial Assets*

The Group and Company classify financial assets, depending on the business model of the Group and Company on financial assets and type of contractual cash flow of financial assets. The Group and Company classify financial assets as subsequently measured by amortized cost and fair value through profit or loss.

###### *Financial Liabilities*

The Group and Company classify all financial liabilities as subsequently measured by amortized cost.

##### 3.2.1.2 Initial measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### 3.2.1.3 Subsequent measurement

#### *Financial Assets*

The Group and Company are subsequently measure financial assets as below;

#### (1) Subsequent measurement by Amortized cost

Financial assets are measured subsequently at amortized cost. The Group and Company using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash inflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the amortized cost of a financial asset.

#### (2) Subsequent measurement by Fair value through profit or loss (“FVTPL”)

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see Note 3.2.3 Hedge accounting). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

#### *Financial Liabilities*

All financial liabilities are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

### 3.2.1.4 Derecognition of Financial instruments

#### *Financial Assets*

The Group and the *Company* derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognize its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

#### *Financial liabilities*

The Group and the Company derecognize financial liabilities when, and only when, the obligation of the Group and the Company are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

### 3.2.2 Impairment of financial assets

The Group and the Company recognize allowance for expected credit loss on trade receivables using ECL model. The amount of expect credit losses is updated at each reporting period date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

## (i) Significant increase in credit risk

The Group and the Company compare the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Despite the foregoing, the Group and the Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if;

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group and the Company regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

## (ii) Definition of default

The Group and the Company consider constituting an event of default for internal credit risk management policies and historical experience indicates that financial assets are defaulted by considering information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full.

Irrespective of the above analysis, the Group and the Company consider that default has occurred when the past due is more than 90 days unless the Group and the Company have supportable information to demonstrate that a more lagging default criterion is reasonable.

## (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the consideration of following events;

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group and the Company write off trade receivables when there is information indicating that the debtor is in financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of loans to customers, when the days past due are over the period that the Management determined, whichever occurs sooner. Loans to customers written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) Measurement and recognition of expected credit loss

The measurement of expected credit loss is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

For financial assets, exposure at default is represented by the asset's gross carrying amount at the reporting date.

For loan commitments, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's and the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group and the Company measure the loss allowance at an amount equal to 12-month ECL at the current reporting date.



### 3.2.3 Hedge accounting

The Group and the Company designate certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the Group and the Company document the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group and the Company document whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements;

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationships; and
- The hedged ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group and the Company actually hedge and the quantity of the hedging instrument that the Group and the Company actually use to hedge that quantity of hedged item.

#### *Cash flow hedges*

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "Finance costs" line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

This transfer does not affect other comprehensive income. Furthermore, if the Group and the Company expect that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

### 3.3 Investment in subsidiaries and an associate

Investments in subsidiaries in the separate financial statements are accounted for using the cost method, less allowances for impairment (if any).

Investment in an associate in the consolidated financial statements is accounted for using the equity method. Investment in an associate in the separate financial statements is accounted for using the cost method, less allowance for impairment (if any).

In case impairment in value of investment has occurred, the loss result of investment is recognized in the statement of profit or loss.

Cost of securities sold is determined by the weighted-average method.

### 3.4 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of leasehold improvement and equipment is calculated by the straight-line method, based on the estimated useful life of the assets of 3 years and 5 years.

### 3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortization and allowance for impairment (if any).

Intangible assets are computer software which are amortized by the straight-line method over the estimated useful lives of 5 years and 10 years.

### 3.6 Leases

The Group and the Company as lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognize a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lease under residual value guarantees;
- The exercise price of purchase options, if the lease is reasonably certain to exercise the options; and

- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated and separate statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated and separate statements of financial position.

The Group and the Company apply TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Leasehold improvement and equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Operating and Administrative expenses" in profit or loss.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Company have used this practical expedient.

### 3.7 Assets and liabilities in foreign currencies

#### 3.7.1 Functional currency and presentation currency

The consolidated and the separate financial statements are presented in Baht as the presentation currency.

Items in the financial statements of foreign operations are recorded at their functional currency.

#### 3.7.2 Translation of foreign currency transaction

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized as profit or loss in statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities for which settlement is neither planned nor likely to occur in a foreseeable future is treated as part of net investment in the foreign operation of the Group. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation shall be recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g. consolidated financial statements when the foreign operation is a subsidiary), such exchange differences shall be recognized initially in other comprehensive income and reclassified from equity to profit or loss on a disposal of the net investment.

### 3.7.3 Translation of financial statements of foreign operations

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognized as other comprehensive income in the statement of other comprehensive income and presented as the foreign currency translation reserve in equity until a disposal of the investment.

## 3.8 Recognition of revenues and expenses

Interest income and fee income from purposed loan, hire-purchase receivable, credit card receivable and personal loan are recognized on an accrual basis using the effective interest method.

Commission income is recognized on the issue date of the policy.

Collection service income is recognized on an accrual basis when service has been provided or upon satisfaction of performance obligations.

Bad debt recovery is recorded as income in the statement of profit or loss when received.

Dividend income is recognized on the date the Company's rights to receive payments is established.

Other income and expenses are recognized on an accrual basis.

## 3.9 Provisions for employee benefits

### 3.9.1 Provident Fund

The contribution for employee provident fund is recorded as an expense when incurred.

### 3.9.2 Post-employment benefits

The Company and its subsidiaries operate post-employment benefits plans under the Labor Protection Act. Such employee benefits are calculated by an independent actuary at the end of reporting period using the Projected Unit Credit Method, which is estimated based on the present value of expected cash flows of benefits to be paid in the future taken into account the actuarial assumptions including salaries, turnover rate, mortality rate, years of service and other factors. Discount rate used in the calculation of provision is referenced to the yield curve of Thai government bond.

Gain or loss on remeasurements of defined benefit plans are recognized in the statement of profit or loss and other comprehensive income.

### 3.10 Deferred revenue from customer loyalty programs

Customer loyalty programs are to grant the points whereby customers are awarded credits (Points) entitling customers to the rights to redeem within a determined period under the condition of customer loyalty programs. Obligations from granting the points to purchase products or get free service in the future are recognized and measured at the fair value of consideration received or receivable which is derived from points expected to redeemed , multiplied by the estimated fair value per point, referring to the fair value of the rewards. Such obligations are allocated from consideration received or receivable and recorded through “Deferred revenue from customer loyalty programs” in the statement of financial position under “Other payables” and recognized in the statement of profit or loss as “Credit card income” when the points are redeemed by customers.

### 3.11 Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### 3.11.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted at the financial statement date.

#### 3.11.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed by the end of each reporting period. Deferred tax assets shall be reduced to the extent that utilized taxable profits decrease. Such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities, and deferred tax assets and liabilities, are offset when there is a legally enforceable right to set off the recognized amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

Income tax expense or income related to profit or loss are presented in the statement of profit or loss and net presented with items recognized directly in

shareholders' equity in the statement of profit or loss and other comprehensive income.

### 3.12 Basic earnings per share

Basic earnings per share are calculated by dividing the net income for the year by the number of weighted average ordinary shares outstanding during the year. In the case of a capital increase, the number of shares is weighted according to time of registration of the paid-up share capital increase. The Company did not have any common share equivalents outstanding which would have dilutive effects on earnings per share.

### 3.13 Fair value measurements

In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if a producer or supplier of marketable goods would take those characteristics into the consideration the price that would be received to sell an asset or paid to transfer a liability at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair values for disclosure in the financial statements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are on as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable inputs for the asset or liability.

### 3.14 Critical accounting judgments and key sources of estimation uncertainty

#### 3.14.1 Use of management's judgments in applying accounting policies

The preparation of financial statements in conformity with Thai Financial Reporting Standards (TFRSs) requires the Group and the Company's management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Critical judgments in applying the Group's and the Company's accounting policies are as follows:

(1) Allowance for expected credit loss

Management is required to use judgment in estimation in determining the allowance for expected credit loss of loans to customers and accrued interest receivables, together with loan commitments. The calculation of allowance for expected credit loss of the Group and the Company are based on the criteria of assessing if there has been an increase in credit risk, the development of complex expected credit loss model with a series of underlying assumptions, including the choice of inputs the forecasted macroeconomic variables in the model. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

(2) Deferred revenue from customer loyalty programs

The deferred revenue from customer loyalty programs granted to the Company's customers is calculated based on the estimates of redemption rate of the reward points earned by the customers and fair value of reward prices, and is presented in the statement of financial position under "Other payables".

(3) Provisions for employee benefits

The present value of the provisions for employee benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such provisions.

The Group and the Company determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the provisions for employee benefits. In determining the appropriate discount rate, the Group and the Company consider the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related provisions. Additional information is disclosed in Note 26.

Past service cost related to plan amendment is recognized as an expense in the statement of profit or loss when the plan amendment is occurred. The management of the Group and the Company judgmentally consider that an obligation arises only when the legislation is virtually certain to be enacted.



(4) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 3.2). The Group and the Company determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Group and the Company monitor financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's and the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(5) Significant increase in credit risk

As explained in Note 3.2.2, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. TFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group and the Company take into account qualitative and quantitative reasonable and supportable forward-looking information.

3.14.2 Key sources of estimation uncertainty

The Group and the Company have estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value measurements and valuation processes

In estimating the fair value of an asset or liability, the Group and the Company use market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group and Company engage third- party qualified valuers to perform the valuation.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 38.6.

#### 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents as at February 28, 2022 and 2021, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000
Cash	666,891	981,293	627,565	946,970
Deposits at bank - call deposits	3,568,712	4,123,875	2,011,571	2,210,222
Cash and cash equivalents	<u>4,235,603</u>	<u>5,105,168</u>	<u>2,639,136</u>	<u>3,157,192</u>

4.2 Cash paid for purchase of leasehold improvement and equipment and intangible assets other than goodwill for the years ended February 28, 2022 and 2021, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the years ended		SEPARATE FINANCIAL STATEMENTS For the years ended	
	February 28, 2022 Baht '000	February 28, 2021 Baht '000	February 28, 2022 Baht '000	February 28, 2021 Baht '000
Leasehold improvement and equipment				
Liabilities recorded - brought forward	25,839	43,432	23,896	40,514
Purchase of leasehold improvement and equipment	<u>206,879</u>	<u>300,314</u>	<u>174,097</u>	<u>240,825</u>
	<u>232,718</u>	<u>343,746</u>	<u>197,993</u>	<u>281,339</u>
<u>Less</u> Cash paid for purchase of leasehold improvement and equipment	<u>(198,248)</u>	<u>(317,907)</u>	<u>(163,775)</u>	<u>(257,443)</u>
Liabilities recorded - carried forward	<u>34,470</u>	<u>25,839</u>	<u>34,218</u>	<u>23,896</u>
Intangible assets other than goodwill				
Liabilities recorded - brought forward	13,521	1,572	13,520	1,571
Purchase of intangible assets other than goodwill	<u>424,129</u>	<u>232,276</u>	<u>408,148</u>	<u>161,893</u>
	<u>437,650</u>	<u>233,848</u>	<u>421,668</u>	<u>163,464</u>
<u>Less</u> Cash paid for purchase of intangible assets other than goodwill	<u>(291,549)</u>	<u>(220,327)</u>	<u>(275,782)</u>	<u>(149,944)</u>
Liabilities recorded - carried forward	<u>146,101</u>	<u>13,521</u>	<u>145,886</u>	<u>13,520</u>

4.3 The Company had non-cash items relating to sale of the rights on loans receivable to ATS Rabbit Special Purpose Vehicle Company Limited, a subsidiary, which the Company had sold loans receivable to. During the years ended February 28, 2022 and 2021 such sale was settled by increasing the Seller loan Account of Baht 56.15 million and Baht 15.45 million, respectively, instead of cash receipt.

4.4 Changes in liabilities arising from financing activities for the years ended February 28, 2022 and 2021 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS						
	Beginning balance as at March 1, 2021 Baht '000	Financing cash flows		Non-cash changes		Ending balance as at February 28, 2022 Baht '000
		Cash received Baht '000	Cash paid Baht '000	Differences on translating foreign currencies Baht '000	Others Baht '000	
Bank overdrafts and short-term borrowings from financial institutions	10,379,071	92,796,090	(93,968,202)	(35,055)	-	9,171,904
Long-term borrowings	42,821,621	7,194,654	(4,191,220)	2,152,012	9,595	47,986,662
Long-term debentures	9,425,401	2,063,600	(3,403,200)	189,811	(16,058)	8,259,554
Lease liabilities	689,629	-	(564,337)	6,705	492,981	624,978

CONSOLIDATED FINANCIAL STATEMENTS						
	Beginning balance as at March 1, 2020 Baht '000	Financing cash flows		Non-cash changes		Ending balance as at February 28, 2021 Baht '000
		Cash received Baht '000	Cash paid Baht '000	Differences on translating foreign currencies Baht '000	Others Baht '000	
Bank overdrafts and short-term borrowings from financial institutions	7,211,233	85,656,321	(82,645,247)	156,764	-	10,379,071
Long-term borrowings	45,259,611	10,237,763	(11,515,044)	(1,149,797)	(10,912)	42,821,621
Long-term debentures	16,787,966	-	(7,627,700)	255,842	9,293	9,425,401
Lease liabilities	937,732	-	(565,394)	262	317,029	689,629

SEPARATE FINANCIAL STATEMENTS						
	Beginning balance as at March 1, 2021 Baht '000	Financing cash flows		Non-cash changes		Ending balance as at February 28, 2022 Baht '000
		Cash received Baht '000	Cash paid Baht '000	Differences on translating foreign currencies Baht '000	Others Baht '000	
Bank overdrafts and short-term borrowings from financial institutions	7,860,000	87,359,879	(87,278,639)	-	-	7,941,240
Long-term borrowings	40,646,732	6,554,661	(4,191,220)	1,876,347	9,595	44,896,115
Long-term borrowings under securitization project	1,489,622	491,631	(491,631)	-	(87,913)	1,401,709
Long-term debentures	7,952,319	2,063,600	(3,403,200)	189,811	(16,058)	6,786,472
Lease liabilities	558,595	-	(488,719)	-	482,549	552,425

	SEPARATE FINANCIAL STATEMENTS					
	Beginning	Financing cash flows		Non-cash changes		Ending
	balance	Cash	Cash	Differences	Others	balance
	as at	received	paid	on translating		as at
	March 1, 2020			foreign currencies		February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Bank overdrafts and short-term borrowings from financial institutions	3,400,056	74,910,000	(70,450,056)	-	-	7,860,000
Long-term borrowings	44,076,691	8,704,388	(11,014,350)	(1,109,085)	(10,912)	40,646,732
Long-term borrowings under securitization project	1,662,552	542,151	(542,151)	-	(172,930)	1,489,622
Long-term debentures	15,314,884	-	(7,627,700)	255,842	9,293	7,952,319
Lease liabilities	761,561	-	(475,575)	-	272,609	558,595

## 5. TRADE RECEIVABLES

5.1 Trade receivables as at February 28, 2022 and 2021, consist of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	February 28, 2022 Baht '000	February 28, 2021 Baht '000	February 28, 2022 Baht '000	February 28, 2021 Baht '000
Trade receivables	89,626,146	85,942,940	84,065,981	80,236,602
Trade receivables under securitization project				
- ATS Rabbit Special Purpose Vehicle Company Limited	1,401,709	1,489,622	1,401,709	1,489,622
Total	91,027,855	87,432,562	85,467,690	81,726,224
<u>Less</u> Allowance for expected credit loss	<u>(10,951,455)</u>	<u>(11,593,219)</u>	<u>(9,972,970)</u>	<u>(10,891,803)</u>
<b>Total trade receivables</b>	<b>80,076,400</b>	<b>75,839,343</b>	<b>75,494,720</b>	<b>70,834,421</b>

As the securitization transaction under the Receivables Sale and Purchase Agreement for transferred rights on loans receivable with ATS Rabbit Special Purpose Vehicle Company Limited does not qualify for derecognition of financial assets according to TFRS 9, the Company continues to recognize the full carrying amount of these receivables and uses them as collateral for long-term borrowings under the securitization project (see Note 5.5).

As at February 28, 2022 and 2021, details of trade receivables are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					
	As at February 28, 2022			As at February 28, 2021		
	Due within 1 year Baht '000	Due after 1 year Baht '000	Total Baht '000	Due within 1 year Baht '000	Due after 1 year Baht '000	Total Baht '000
<b>Hire-purchase receivable</b>						
Hire-purchase and accrued interest receivable	2,562,979	3,972,671	6,535,650	3,567,397	3,145,028	6,712,425
<u>Less</u> Unearned financing income	<u>(277,545)</u>	<u>(366,710)</u>	<u>(644,255)</u>	<u>(341,085)</u>	<u>(523,657)</u>	<u>(864,742)</u>
	2,285,434	3,605,961	5,891,395	3,226,312	2,621,371	5,847,683
<u>Less</u> Allowance for expected credit loss	<u>(283,862)</u>	<u>(508,248)</u>	<u>(792,110)</u>	<u>(392,025)</u>	<u>(480,357)</u>	<u>(872,382)</u>
Hire-purchase and accrued interest receivable - net	<u>2,001,572</u>	<u>3,097,713</u>	<u>5,099,285</u>	<u>2,834,287</u>	<u>2,141,014</u>	<u>4,975,301</u>
<b>Loans receivable</b>						
Loans and accrued interest receivable	45,513,782	181,622	45,695,404	45,123,605	208,290	45,331,895
<u>Less</u> Allowance for expected credit loss	<u>(6,236,426)</u>	<u>(42,362)</u>	<u>(6,278,788)</u>	<u>(6,634,437)</u>	<u>(35,945)</u>	<u>(6,670,382)</u>
Loans and accrued interest receivable - net	<u>39,277,356</u>	<u>139,260</u>	<u>39,416,616</u>	<u>38,489,168</u>	<u>172,345</u>	<u>38,661,513</u>
<b>Credit card receivable</b>						
Credit card and accrued interest receivable	39,323,715	-	39,323,715	36,088,232	-	36,088,232
<u>Less</u> Allowance for expected credit loss	<u>(3,880,166)</u>	<u>-</u>	<u>(3,880,166)</u>	<u>(4,050,362)</u>	<u>-</u>	<u>(4,050,362)</u>
Credit card and accrued interest receivable - net	<u>35,443,549</u>	<u>-</u>	<u>35,443,549</u>	<u>32,037,870</u>	<u>-</u>	<u>32,037,870</u>
<b>Receivable from rendering the collection service</b>						
Receivable from rendering the collection service	15,593	-	15,593	9,054	-	9,054
<u>Less</u> Allowance for expected credit loss	<u>(391)</u>	<u>-</u>	<u>(391)</u>	<u>(93)</u>	<u>-</u>	<u>(93)</u>
Receivable from rendering the collection service - net	<u>15,202</u>	<u>-</u>	<u>15,202</u>	<u>8,961</u>	<u>-</u>	<u>8,961</u>
<b>Receivable from insurance broker business</b>	<u>101,748</u>	<u>-</u>	<u>101,748</u>	<u>155,698</u>	<u>-</u>	<u>155,698</u>
<b>Total trade receivables</b>	<u>76,839,427</u>	<u>3,236,973</u>	<u>80,076,400</u>	<u>73,525,984</u>	<u>2,313,359</u>	<u>75,839,343</u>

SEPARATE FINANCIAL STATEMENTS						
As at February 28, 2022			As at February 28, 2021			
	Due within 1 year Baht '000	Due after 1 year Baht '000	Total Baht '000	Due within 1 year Baht '000	Due after 1 year Baht '000	Total Baht '000
<b>Hire-purchase receivable</b>						
Hire-purchase and accrued interest receivable	914,643	2,192,369	3,107,012	1,006,603	2,745,539	3,752,142
<u>Less</u> Unearned financing income	<u>(277,545)</u>	<u>(366,709)</u>	<u>(644,254)</u>	<u>(341,085)</u>	<u>(523,656)</u>	<u>(864,741)</u>
	637,098	1,825,660	2,462,758	665,518	2,221,883	2,887,401
<u>Less</u> Allowance for expected credit loss	<u>(109,304)</u>	<u>(313,220)</u>	<u>(422,524)</u>	<u>(155,003)</u>	<u>(445,001)</u>	<u>(600,004)</u>
Hire-purchase and accrued interest receivable - net	<u>527,794</u>	<u>1,512,440</u>	<u>2,040,234</u>	<u>510,515</u>	<u>1,776,882</u>	<u>2,287,397</u>
<b>Loans receivable</b>						
Loans and accrued interest receivable	44,363,688	-	44,363,688	43,385,259	7	43,385,266
<u>Less</u> Allowance for expected credit loss	<u>(5,733,592)</u>	<u>-</u>	<u>(5,733,592)</u>	<u>(6,276,675)</u>	<u>(1)</u>	<u>(6,276,676)</u>
Loans and accrued interest receivable - net	<u>38,630,096</u>	<u>-</u>	<u>38,630,096</u>	<u>37,108,584</u>	<u>6</u>	<u>37,108,590</u>
<b>Credit card receivable</b>						
Credit card and accrued interest receivable	38,539,555	-	38,539,555	35,453,557	-	35,453,557
<u>Less</u> Allowance for expected credit loss	<u>(3,816,854)</u>	<u>-</u>	<u>(3,816,854)</u>	<u>(4,015,123)</u>	<u>-</u>	<u>(4,015,123)</u>
Credit card and accrued interest receivable - net	<u>34,722,701</u>	<u>-</u>	<u>34,722,701</u>	<u>31,438,434</u>	<u>-</u>	<u>31,438,434</u>
<b>Receivable from insurance broker business</b>	<u>101,689</u>	<u>-</u>	<u>101,689</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total trade receivables</b>	<u>73,982,280</u>	<u>1,512,440</u>	<u>75,494,720</u>	<u>69,057,533</u>	<u>1,776,888</u>	<u>70,834,421</u>

## 5.2 Quality of assets

Staging analysis for trade receivables as at February 28, 2022 and 2021 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS			
As at February 28, 2022			
	Trade receivables Baht '000	Allowance for expected credit loss Baht '000	Total trade receivables Baht '000
Low credit risk receivables (Stage 1)	82,898,746	(5,563,984)	77,334,762
Significant increase in credit risk receivables (Stage 2)	3,701,623	(1,917,326)	1,784,297
Default receivables in credit risk (Stage 3)	4,427,486	(3,470,145)	957,341
<b>Total</b>	<u>91,027,855</u>	<u>(10,951,455)</u>	<u>80,076,400</u>

## CONSOLIDATED FINANCIAL STATEMENTS

As at February 28, 2021

	Trade receivables	Allowance for expected credit loss	Total trade receivables
	Baht '000	Baht '000	Baht '000
Low credit risk receivables (Stage 1)	79,446,594	(5,969,416)	73,477,178
Significant increase in credit risk receivables (Stage 2)	2,943,938	(1,578,830)	1,365,108
Default receivables in credit risk (Stage 3)	5,042,030	(4,044,973)	997,057
<b>Total</b>	<b>87,432,562</b>	<b>(11,593,219)</b>	<b>75,839,343</b>

## SEPARATE FINANCIAL STATEMENTS

As at February 28, 2022

	Trade receivables	Allowance for expected credit loss	Total trade receivables
	Baht '000	Baht '000	Baht '000
Low credit risk receivables (Stage 1)	78,540,851	(5,440,033)	73,100,818
Significant increase in credit risk receivables (Stage 2)	3,348,067	(1,768,513)	1,579,554
Default receivables in credit risk (Stage 3)	3,578,772	(2,764,424)	814,348
<b>Total</b>	<b>85,467,690</b>	<b>(9,972,970)</b>	<b>75,494,720</b>

## SEPARATE FINANCIAL STATEMENTS

As at February 28, 2021

	Trade receivables	Allowance for expected credit loss	Total trade receivables
	Baht '000	Baht '000	Baht '000
Low credit risk receivables (Stage 1)	74,480,252	(5,813,007)	68,667,245
Significant increase in credit risk receivables (Stage 2)	2,715,548	(1,489,812)	1,225,736
Default receivables in credit risk (Stage 3)	4,530,424	(3,588,984)	941,440
<b>Total</b>	<b>81,726,224</b>	<b>(10,891,803)</b>	<b>70,834,421</b>

Trade receivables as at February 28, 2022 and 2021 classified by aging are as follows:

## CONSOLIDATED FINANCIAL STATEMENTS

As at  
February 28,  
2022  
Baht '000

As at  
February 28,  
2021  
Baht '000

Less than 3 months	86,925,982	82,848,008
3 months up	4,101,873	4,584,554
Total	91,027,855	87,432,562
<u>Less</u> Allowance for expected credit loss	<u>(10,951,455)</u>	<u>(11,593,219)</u>
<b>Total trade receivables</b>	<b>80,076,400</b>	<b>75,839,343</b>

	SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000
Less than 3 months	82,214,531	77,653,277
3 months up	3,253,159	4,072,947
Total	85,467,690	81,726,224
<u>Less</u> Allowance for expected credit loss	(9,972,970)	(10,891,803)
<b>Total trade receivables</b>	75,494,720	70,834,421

### 5.3 Troubled debt restructuring

For the years ended February 28, 2022 and 2021, the Company had recognized interest income on restructured debts totaling Baht 120.74 million and Baht 146.23 million, respectively.

The Group and the Company had outstanding balances of credit card receivable, hire-purchase receivable and loans receivable as at February 28, 2022 and 2021, as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
	As at February 28, 2022		As at February 28, 2021	
	Number of	Amount	Number of	Amount
	debtors	Baht '000	debtors	Baht '000
Restructured trade receivables	21,160	801,805	29,220	1,158,699
Non-restructured trade receivables	3,697,818	90,108,709	3,777,597	86,109,111
Total	3,718,978	90,910,514	3,806,817	87,267,810

	SEPARATE FINANCIAL STATEMENTS			
	As at February 28, 2022		As at February 28, 2021	
	Number of	Amount	Number of	Amount
	debtors	Baht '000	debtors	Baht '000
Restructured trade receivables	21,142	801,309	29,205	1,157,487
Non-restructured trade receivables	<u>2,622,002</u>	<u>84,564,692</u>	<u>2,730,569</u>	<u>80,568,737</u>
Total	2,643,144	85,366,001	2,759,774	81,726,224

As at February 28, 2022 and 2021, the Company had no commitment to provide additional loans to its restructured debtors after debt restructuring.



#### 5.4 Allowance for expected credit loss

Allowance for expected credit loss as at February 28, 2022 and 2021, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	Allowance for expected credit loss			Total
	Low credit risk receivables (Stage 1)	Significant increase in credit risk receivables (Stage 2)	Default receivables in credit risk (Stage 3)	
	Baht '000	Baht '000	Baht '000	Baht '000
Balance as at March 1, 2021	5,969,416	1,578,830	4,044,973	11,593,219
Changes in staging*	1,864,836	(4,848,856)	2,984,020	-
Changes in risk parameters	(2,415,347)	5,150,009	3,312,959	6,047,621
New financial assets originated or purchased	395,135	35,497	517,737	948,369
Financial assets derecognized	(255,682)	(4,575)	257,097	(3,160)
Written-off bad debts	-	-	(7,648,916)	(7,648,916)
Foreign exchange rate differences	5,626	6,421	2,275	14,322
Balance as at February 28, 2022	5,563,984	1,917,326	3,470,145	10,951,455

	CONSOLIDATED FINANCIAL STATEMENTS			
	Allowance for expected credit loss			Total
	Low credit risk receivables (Stage 1)	Significant increase in credit risk receivables (Stage 2)	Default receivables in credit risk (Stage 3)	
	Baht '000	Baht '000	Baht '000	Baht '000
Balance as at March 1, 2020	6,160,129	1,410,298	3,456,701	11,027,128
Changes in staging**	2,468,243	(5,329,962)	2,861,719	-
Changes in risk parameters	(2,603,336)	5,519,822	2,346,370	5,262,856
New financial assets originated or purchased	258,512	-	989,553	1,248,065
Financial assets derecognized	(318,120)	(17,554)	453,702	118,028
Written-off bad debts	-	-	(6,048,861)	(6,048,861)
Foreign exchange rate differences	3,988	(3,774)	(14,211)	(13,997)
Balance as at February 28, 2021	5,969,416	1,578,830	4,044,973	11,593,219

\* The Group and the Company have adhered to the Accounting Treatment Guidance on “Guidelines for supporting debtors affected by COVID-19” and Accounting Guidance on “The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand's economy” in staging (see Note 2.6).

\*\* The Group and the Company have adhered to the Accounting Treatment Guidance on “The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand's economy” in staging (see Note 2.6).

#### SEPARATE FINANCIAL STATEMENTS

	Allowance for expected credit loss			Total
	Low credit risk receivables (Stage 1)	Significant increase in credit risk receivables (Stage 2)	Default receivables in credit risk (Stage 3)	
	Baht '000	Baht '000	Baht '000	
Balance as at March 1, 2021	5,813,007	1,489,812	3,588,984	10,891,803
Changes in staging*	1,870,437	(4,791,585)	2,921,148	-
Changes in risk parameters	(2,354,321)	5,126,038	3,118,297	5,890,014
New financial assets originated or purchased	359,716	-	326,194	685,910
Financial assets derecognized	(248,806)	(55,752)	56,848	(247,710)
Written-off bad debts	-	-	(7,247,047)	(7,247,047)
Balance as at February 28, 2022	5,440,033	1,768,513	2,764,424	9,972,970

	SEPARATE FINANCIAL STATEMENTS Allowance for expected credit loss			Total
	Low credit risk receivables (Stage 1)	Significant increase in credit risk receivables (Stage 2)	Default receivables in credit risk (Stage 3)	
	Baht '000	Baht '000	Baht '000	
Balance as at March 1, 2020	5,959,780	1,403,865	3,426,151	10,789,796
Changes in staging**	2,473,919	(5,313,083)	2,839,164	-
Changes in risk parameters	(2,603,336)	5,519,822	2,346,370	5,262,856
New financial assets originated or purchased	258,512	-	989,553	1,248,065
Financial assets derecognized	(275,868)	(120,792)	(94,184)	(490,844)
Written-off bad debts	-	-	(5,918,070)	(5,918,070)
Balance as at February 28, 2021	5,813,007	1,489,812	3,588,984	10,891,803

\* The Group and the Company have adhered to the Accounting Treatment Guidance on “Guidelines for supporting debtors affected by COVID-19” and Accounting Guidance on “The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand’s economy” in staging (see Note 2.6).

\*\* The Group and the Company have adhered to the Accounting Treatment Guidance on “The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand’s economy” in staging (see Note 2.6).

## 5.5 Transfers of financial assets

The Company entered into the Receivables Sale and Purchase Agreement with Special Purposes Vehicle Company, which was incorporated under the Civil and Commercial Code of Thailand to be special purpose vehicle (SPV) under the Royal Enactment on Special Purpose Juristic Persons for Securitization B.E. 2540 (1997). Under the securitization plan which was approved by the Securities and Exchange Commission (the “SEC”), the Company sold an amount of revolving receivables and the SPV also appointed the Company to act as the servicer responsible for collecting payments from its obligor under the Receivables Sale and Purchase Agreement and Servicing Agreement.

Details of aforementioned sales of receivables are summarized as follows:

		<b>ATS Rabbit*</b>
Approved date of the securitization project by the SEC		October 2, 2015
Initial selling date		October 29, 2015
Type of transferred receivables		Loans receivable
Revolving period		October 2015 - October 2025 (approximately)
<b>Initial sale of receivables</b>		
Net book value of initial receivables	Baht	456,076,200
Proceeds from transfer of the rights in receivables	Baht	433,272,390
Subordinated lendings	Baht	50,081,313
Minimum seller loans - pari passu with debentures	Baht	None
Number of contracts		49,225
Average principal amount outstanding	Baht	9,265
Interest rate		25% p.a.

\* ATS Rabbit Special Purpose Vehicle Company Limited (Subsidiary)

The Company does not recognize other assets obtained in the transfer of financial assets including retained interests on the financial statements because it is not practical to estimate their reliable fair values.

On October 22, 2015, the Company entered into the Receivables Sale and Purchase Agreement with ATS Rabbit Special Purpose Vehicle Company Limited which was registered as a special purpose vehicle company under the Civil and Commercial Code of Thailand for the purpose of implementing or facilitating the securitization in accordance with the securitization projects approved by the Office of the SEC on October 2, 2015 for transferred rights, title, interest and benefits in respect of the Initial Receivables, the Future Receivables and the Additional Receivables on the term of the Agreement.

During the life of the securitization projects, the Company may repurchase the rights on the Purchased Receivables with ATS Rabbit in the following circumstances:

1. When the Company has breached its representations and warranties with respect to the Purchased Receivables which are ineligible. The Company is obliged to repurchase such ineligible receivables on the next Monthly Purchase Date.

2. The Company, as the collection agent, may exercise the Clean up Call Option for repurchase of remaining Purchased Receivables whenever the continued servicing of the Purchase Receivables is deemed to be burdensome.
3. The Company may exercise the Tax Redemption Option for repurchase of remaining Purchased Receivables, where there is incurred taxes other than corporate income tax and special business tax.

The key financial information of Special Purpose Vehicle Company is as follows:

	<b>ATS Rabbit*</b>	
	<b>As at February 28, 2022 Baht '000</b>	<b>As at February 28, 2021 Baht '000</b>
<b>Statements of financial position</b>		
Total assets	2,011,344	1,960,327
Total liabilities	2,011,300	1,960,283
Total shareholders' equity	44	44
	<b>For the years ended</b>	
	<b>February 28, 2022 Baht '000</b>	<b>February 28, 2021 Baht '000</b>
<b>Statements of profit or loss</b>		
Total revenues	368,573	408,574
Bad debts and doubtful accounts	144,060	157,482
Other operating expenses	98,949	108,262
Interest expenses	82,040	81,844
Income tax expense	8,729	12,197
Net profit	34,795	48,789

\* ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit) is the Company's subsidiary (see Notes 2.4 and 9.2).

For the years ended February 28, 2022 and 2021, transactions relating to the transfers of financial assets under the securitization projects are summarized as follows:

	<b>For the years ended</b>	
	<b>February 28, 2022 Million Baht</b>	<b>February 28, 2021 Million Baht</b>
Transfers of future receivables and additional receivables (at book value)		
- Loans receivable (ATS Rabbit)	548	527
	<u>548</u>	<u>527</u>
Cash collection on behalf of Special Purpose Vehicles		
- Loans receivable (ATS Rabbit)	857	960
	<u>857</u>	<u>960</u>
Servicing income on cash collection from Special Purpose Vehicles		
- Loans receivable (ATS Rabbit)	78	86
	<u>78</u>	<u>86</u>

## 6. OTHER RECEIVABLES

Other receivables as at February 28, 2022 and 2021 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000
Other receivables - related companies (see Note 36.2.1)	6,022	5,930	59,236	92,910
Other receivables - other companies	174,869	507,223	145,767	443,637
Prepaid expenses	252,290	169,018	207,357	135,668
Advance payment	47,923	60,742	413	5
Accrued income	21,251	25,638	-	13
Refundable corporate income tax	15,745	58,056	-	-
Total	<u>518,100</u>	<u>826,607</u>	<u>412,773</u>	<u>672,233</u>

## 7. FIXED DEPOSITS AT BANKS UNDER OBLIGATIONS

As at February 28, 2022 and 2021, 4 subsidiaries have fixed deposits at banks under obligations as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000
<b>Due within 1 year</b>		
Reserve in accordance with insurance regulations	3,000	-
<b>Due after 1 year</b>		
Reserve in accordance with insurance regulations	-	3,000
Pledge as collateral for bank's letters of guarantee issued for debt collection service	3,925	1,600
Legal reserve of the foreign subsidiaries	<u>37,408</u>	<u>34,368</u>
Total fixed deposits at banks under obligations	<u>41,333</u>	<u>38,968</u>

## 8. LONG-TERM LOAN TO A SUBSIDIARY

As at February 28, 2022, the Company has long-term loan to a subsidiary amounting to USD 4 million or equivalent to Baht 130.24 million which will be due in 2026. The loan is unsecured and has interest rate at 8.5% per annum (see Note 36.2.1). (As at February 28, 2021: USD 4 million or equivalent to Baht 119.49 million).

## 9. INVESTMENTS IN AN ASSOCIATE AND SUBSIDIARIES

Investments in an associate and subsidiaries consist of:

### 9.1 Investment in an associate in the consolidated financial statements

As at February 28, 2021, the Company had investment in an associate and is accounted for using the equity method in the consolidated financial statements as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
As at February 28, 2021				
	Paid-up capital	Ownership %	Cost method Baht '000	Equity method Baht '000
<b>Investment in an associate</b>				
ACS Trading Vietnam Company Limited	VND 50,000 million	20.00	16,819.3	-
<u>Less</u> Allowance for impairment of investment			(16,819.3)	-
<b>Total investment in an associate</b>			<u>-</u>	<u>-</u>

On March 30, 2021, the Board of Directors' Meeting of ACS Trading Vietnam Co., Ltd. ("ACS Trading Vietnam") had a resolution to approve the increase of authorized share capital from VND 50,000 million to VND 330,000 million. ACS Trading Vietnam registered its increased share capital on November 29, 2021. However, the Company waived the rights to purchase the increased share capital. As a result, the Company's proportion of shareholding in ACSTV decreased from 20% to 3.03%. The Company has accounted for the retained interest as an investment in equity securities measured at fair value through profit or loss whose fair value on the initial recognition was zero (see Note 10).

The summarized financial information of an associate used for preparation of the consolidated financial statements are as follows:

#### ACS Trading Vietnam Company Limited

	As at February 28, 2021 Baht '000
Total assets	<u>1,377,135</u>
Total liabilities	<u>1,523,235</u>
	<b>For the year ended February 28, 2021 Baht '000</b>
Total revenues	<u>453,155</u>
Net loss	<u>243,809</u>

The consolidated statements of profit or loss for the year ended February 28, 2021 recognized share of loss of an associate using equity method according to the proportion of the ownership interest in an associate as follows:

<b>CONSOLIDATED FINANCIAL STATEMENTS For the year ended February 28, 2021 Baht '000</b>	
<b>Share of loss of an associate using equity method</b>	
ACS Trading Vietnam Company Limited	25,431

Reconciliation of the above summarized financial information to the carrying amount of the interest in an associate recognized in the consolidated financial statements for the years ended February 28, 2021, is as follows:

<b>CONSOLIDATED FINANCIAL STATEMENTS For the year ended February 28, 2021 Baht '000</b>	
Net assets of an associate	(146,100)
Proportion of the ownership interest in an associate (%)	20.00
	(29,220)
Goodwill	-
Other adjustments	
- Exchange differences on acquisition date	29,220
Carrying amount of the investment in an associate	-

## 9.2 Investments in an associate and subsidiaries in the separate financial statements

As at February 28, 2022 and 2021, the Company had investments in an associate and subsidiaries which are accounted for using the cost method in the separate financial statements as follows:

	<b>SEPARATE FINANCIAL STATEMENTS</b>			
	<b>As at February 28, 2022</b> Ownership %	<b>Cost</b> method Baht '000	<b>As at February 28, 2021</b> Ownership %	<b>Cost</b> method Baht '000
<b>Investment in an associate and subsidiaries</b>				
Investment in an associate (see Note 36.1)				
ACS Trading Vietnam Company Limited	-	-	20.00	16,819.3
Less Allowance for impairment of investment		-		(16,819.3)
<b>Total investment in an associate</b>		-		-
Investments in subsidiaries (see Note 36.1)				
ACS Servicing (Thailand) Company Limited	100.00	175,349.1	100.00	175,349.1
ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)	100.00	149,224.3	100.00	149,224.3
AEON Specialized Bank (Cambodia) Plc.	50.00	323,580.0	50.00	323,580.0
AEON Microfinance (Myanmar) Company Limited	100.00	455,403.3	100.00	455,403.3
AEON Leasing Service (Lao) Company Limited	96.29	107,333.1	92.58	103,069.1
ATS Rabbit Special Purpose Vehicle Company Limited	48.75	19.5	48.75	19.5
<b>Total investments in subsidiaries</b>		1,210,909.3		1,206,645.3
<b>Total investments in an associate and subsidiaries</b>		1,210,909.3		1,206,645.3

- (1) On September 28, 2021, the Board of Directors' Meeting of ACSI (Thailand) Co., Ltd. (formerly Aeon Insurance Service (Thailand) Co., Ltd.), a subsidiary, had a resolution to approve the transfer of 104,000 shares of AEON Leasing Service (Lao) at par value of Baht 41 totaling Baht 4.26 million to the Company. Subsequently, on December 3, 2021, there was a transfer of shares, causing the percentage of ownership of AEON Leasing Service (Lao) held by the Company to increase from 92.58% to 96.29%, and cost from Baht 103.07 million to Baht 107.33 million.
- (2) On January 4, 2022, AEON Insurance Service (Thailand) Co., Ltd., a subsidiary, has returned its insurance broker license to the Office of Insurance Commission and has changed its name with the Department to Business Development, Ministry of Commerce, to ACSI (Thailand) Co., Ltd., which is effective from January 4, 2022 onwards.

#### 10. INVESTMENTS IN EQUITY SECURITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments in equity securities designated at fair value through profit or loss as at February 28, 2022 and 2021 consist of the following:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at February 28, 2022		As at February 28, 2021	
	Ownership %	Fair Value Baht '000	Ownership %	Fair Value Baht '000
AEON (Thailand) Co., Ltd. <sup>(1)</sup>	3.82	-	3.82	-
PT. AEON Credit Service Indonesia <sup>(2)</sup>	2.59	5,062	2.59	5,062
ACS Trading Vietnam Company Limited (see Note 9.1)	3.03	-	-	-
<b>Total</b>		<u>5,062</u>		<u>5,062</u>

<sup>(1)</sup> 340,000 shares of Baht 100 each, Baht 25 called up

<sup>(2)</sup> 173 shares of IDR 30 million each, par value of IDR 30 million, fully paid

The fair values of investments in equity securities measured at fair value through profit or loss are categorized into level 3.

#### 11. INVESTMENT IN EQUITY SECURITIES DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investment in equity securities designated at fair value through other comprehensive income as at February 28, 2022 consist of the following:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at February 28, 2022	
	Ownership %	Fair Value Baht '000
Rabbit Cash Co., Ltd. <sup>(1)</sup>	18.00	<u>144,000</u>
<b>Total</b>		<u>144,000</u>

<sup>(1)</sup> 1,440,000 shares of Baht 100 each, fully paid



On March 29, 2021, the Company has entered into a Joint Venture Agreement with BSS Holdings Company Limited (“BSS Holdings”) and Humanica Public Company Limited (“HUMAN”) to incorporate a Joint Venture Company under the name of “Rabbit Cash Company Limited”, whereas BSS Holdings, the Company and HUMAN holds 77%, 18% and 5%, respectively, of the shares. The initial registered capital is Baht 800 million.

The fair values of investment in equity securities designated at fair value through other comprehensive income are categorized into level 3.

## 12. SELLER LOAN IN SPECIAL PURPOSE VEHICLE FOR SECURITIZATION

Seller loan in Special Purpose Vehicle for securitization as at February 28, 2022 and 2021, are as follows:

	SEPARATE FINANCIAL STATEMENTS	
	As at	As at
	February 28, 2022	February 28, 2021
	Baht '000	Baht '000
Seller loan in Special Purpose Vehicle for securitization (see Note 36.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	275,773	219,626
<b>Total Seller loan in Special Purpose Vehicle for securitization</b>	<b>275,773</b>	<b>219,626</b>

Subsequent to the sale of the rights in initial loans receivable under securitization project, the Company received partial payments from ATS Rabbit with Seller Loan Account under securitization project for sales of the rights in loans receivable to ATS Rabbit during the sale period of the rights in additional receivables or repurchase period of the rights in loans receivable. Such Seller Loan Account will decrease from cash repayment when the outstanding amount reaches or exceeds determined level or the duration after the closing date reaches or exceed the determined level, or every 3-month period after the payment date as agreed in the agreement, whichever is earlier.

## 13. SUBORDINATED LENDINGS AND SUBORDINATED BORROWINGS

13.1 Subordinated lendings to Special Purpose Vehicle as at February 28, 2022 and 2021, are as follows:

	SEPARATE FINANCIAL STATEMENTS	
	As at	As at
	February 28, 2022	February 28, 2021
	Baht '000	Baht '000
Subordinated lendings (see Note 36.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	84,074	84,074
<b>Total subordinated lendings</b>	<b>84,074</b>	<b>84,074</b>

On October 22, 2015, the Company entered into the subordinated term loan agreement with ATS Rabbit amounting to 5% of transferred rights in initial receivables (see Note 5.5) and originated transaction cost, and of Future Receivables and Additional Receivables, which are settled by Seller Loan Account and backed for each issuance of debentures of ATS Rabbit, for the purposes of partial payment for the sales of rights in loans receivables.

The term loan is due within the year 2025 and the interest is payable on a monthly basis at the rate of 12% per annum.

- 13.2 Subordinated borrowings of Special Purpose Vehicle as at February 28, 2022 and 2021, are as follows:

	CONSOLIDATED	
	FINANCIAL STATEMENTS	
	As at	As at
	February 28, 2022	February 28, 2021
	Baht '000	Baht '000
Subordinated borrowings		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	84,074	84,074
<b>Total subordinated borrowings</b>	<b>84,074</b>	<b>84,074</b>

On October 22, 2015, ATS Rabbit, a subsidiary, entered into the subordinated term borrowings agreement with BSS Holdings Co., Ltd. amounting to 5% of transferred rights in initial receivables (see Note 5.5) and originated transaction cost and of Future Receivables and Additional Receivables which are settled by Seller Loan Account and backed for each issuance of debentures of ATS Rabbit, for the purposes of partial payment for the purchase of rights in loans receivable.

The term borrowings are due within the year 2025 and the interest is payable on a monthly basis at the rate of 12% per annum.

#### 14. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at February 28, 2022 and 2021 consist of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
Cost	3,969,403	3,995,970	3,253,824	3,227,719
<u>Less</u> Accumulated depreciation	<u>(3,346,469)</u>	<u>(3,202,515)</u>	<u>(2,724,979)</u>	<u>(2,583,936)</u>
<b>Total leasehold improvement and equipment</b>	<b>622,934</b>	<b>793,455</b>	<b>528,845</b>	<b>643,783</b>

The movements of leasehold improvement and equipment during the years are as follows:

CONSOLIDATED FINANCIAL STATEMENTS						
	Beginning balance as at March 1, 2021	Additions	Disposals/ Write-off	Transfer in (out)	Exchange differences on translating financial statements	Ending balance as at February 28, 2022
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>						
Leasehold improvement	1,209,098	39,914	(157,007)	14,781	2,760	1,109,546
Furniture and office equipment	2,718,689	127,885	(83,571)	78,426	4,251	2,845,680
Assets under installation	68,183	39,362	(161)	(93,207)	-	14,177
Total	3,995,970	207,161	(240,739)	-	7,011	3,969,403
<b>Accumulated depreciation</b>						
Leasehold improvement	(977,254)	(118,659)	134,996	-	(1,951)	(962,868)
Furniture and office equipment	(2,225,261)	(229,057)	74,249	-	(3,532)	(2,383,601)
equipment						
Total	(3,202,515)	(347,716)	209,245	-	(5,483)	(3,346,469)
<b>Total leasehold improvement and equipment</b>	<u>793,455</u>					<u>622,934</u>

CONSOLIDATED FINANCIAL STATEMENTS						
	Beginning balance as at March 1, 2020	Additions	Disposals/ Write-off	Transfer in (out)	Exchange differences on translating financial statements	Ending balance as at February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>						
Leasehold improvement	1,169,940	103,673	(93,025)	26,638	1,872	1,209,098
Furniture and office equipment	2,841,310	100,948	(235,057)	8,981	2,507	2,718,689
Assets under installation	8,109	95,693	-	(35,619)	-	68,183
Total	4,019,359	300,314	(328,082)	-	4,379	3,995,970
<b>Accumulated depreciation</b>						
Leasehold improvement	(912,689)	(152,760)	88,961	-	(766)	(977,254)
Furniture and office equipment	(2,221,175)	(234,615)	230,954	-	(425)	(2,225,261)
Total	(3,133,864)	(387,375)	319,915	-	(1,191)	(3,202,515)
<b>Total leasehold improvement and equipment</b>	<u>885,495</u>					<u>793,455</u>

	SEPARATE FINANCIAL STATEMENTS				
	Beginning balance as at March 1, 2021	Additions	Disposals/ Write-off	Transfer in (out)	Ending balance as at February 28, 2022
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>					
Leasehold improvement	989,237	30,925	(120,984)	14,697	913,875
Furniture and office equipment	2,170,300	103,892	(26,846)	78,426	2,325,772
Assets under installation	68,182	39,279	(161)	(93,123)	14,177
Total	3,227,719	174,096	(147,991)	-	3,253,824
<b>Accumulated depreciation</b>					
Leasehold improvement	(812,476)	(94,110)	111,212	-	(795,374)
Furniture and office equipment	(1,771,460)	(183,526)	25,381	-	(1,929,605)
Total	(2,583,936)	(277,636)	136,593	-	(2,724,979)
<b>Total leasehold improvement and equipment</b>	<u>643,783</u>				<u>528,845</u>

	SEPARATE FINANCIAL STATEMENTS				
	Beginning balance as at March 1, 2020	Additions	Disposals/ Write-off	Transfer in (out)	Ending balance as at February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>					
Leasehold improvement	955,494	83,856	(76,750)	26,637	989,237
Furniture and office equipment	2,312,502	61,276	(212,460)	8,982	2,170,300
Assets under installation	8,108	95,693	-	(35,619)	68,182
Total	3,276,104	240,825	(289,210)	-	3,227,719
<b>Accumulated depreciation</b>					
Leasehold improvement	(761,176)	(124,212)	72,912	-	(812,476)
Furniture and office equipment	(1,789,883)	(190,526)	208,949	-	(1,771,460)
Total	(2,551,059)	(314,738)	281,861	-	(2,583,936)
<b>Total leasehold improvement and equipment</b>	<u>725,045</u>				<u>643,783</u>

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Depreciation</b>	<u>347,716</u>	<u>387,375</u>	<u>277,636</u>	<u>314,738</u>

As at February 28, 2022 and February 28, 2021, costs of fully depreciated leasehold improvement and equipment still in use are as follows:

	As at February 28, 2022	As at February 28, 2021
	Baht '000	Baht '000
Consolidated financial statements	<u>2,331,598</u>	<u>2,095,632</u>
Separate financial statements	<u>2,125,054</u>	<u>1,869,209</u>

## 15. RIGHT-OF-USE ASSETS

Right-of-use assets as at February 28, 2022 and 2021 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000
Cost	1,370,284	1,551,200	1,123,434	1,264,748
<u>Less</u> Accumulated depreciation	<u>(759,215)</u>	<u>(885,452)</u>	<u>(585,078)</u>	<u>(728,566)</u>
<b>Total right-of-use assets</b>	<b>611,069</b>	<b>665,748</b>	<b>538,356</b>	<b>536,182</b>

The movements of right-of-use assets during the year are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	Beginning balance as at March 1, 2021 Baht '000	Additions Baht '000	Disposal Baht '000	Exchange difference on translating financial statements Baht '000	Ending balance as at February 28, 2022 Baht '000
<b>Cost</b>					
Buildings	1,322,808	439,698	(602,879)	15,478	1,175,105
Office equipment	166,657	49,199	(99,434)	-	116,422
Vehicles	61,735	49,994	(32,972)	-	78,757
Total	<u>1,551,200</u>	<u>538,891</u>	<u>(735,285)</u>	<u>15,478</u>	<u>1,370,284</u>
<b>Accumulated depreciation</b>					
Buildings	(749,818)	(467,526)	554,573	(8,349)	(671,120)
Office equipment	(102,027)	(53,391)	98,182	-	(57,236)
Vehicles	(33,607)	(28,448)	31,196	-	(30,859)
Total	<u>(885,452)</u>	<u>(549,365)</u>	<u>683,951</u>	<u>(8,349)</u>	<u>(759,215)</u>
<b>Total right-of-use assets</b>	<b>665,748</b>				<b>611,069</b>

CONSOLIDATED FINANCIAL STATEMENTS					
	Beginning balance as at March 1, 2020 Baht '000	Additions Baht '000	Disposal Baht '000	Exchange difference on translating financial statements Baht '000	Ending balance as at February 28, 2021 Baht '000
<b>Cost</b>					
Buildings	1,423,358	254,145	(353,831)	(864)	1,322,808
Office equipment	183,374	49,612	(66,329)	-	166,657
Vehicles	129,952	25,440	(94,363)	706	61,735
Total	1,736,684	329,197	(514,523)	(158)	1,551,200
<b>Accumulated depreciation</b>					
Buildings	(616,369)	(490,374)	355,985	940	(749,818)
Office equipment	(111,533)	(49,062)	58,568	-	(102,027)
Vehicles	(87,384)	(37,577)	91,876	(522)	(33,607)
Total	(815,286)	(577,013)	506,429	418	(885,452)
<b>Total right-of-use assets</b>	<u>921,398</u>				<u>665,748</u>

SEPARATE FINANCIAL STATEMENTS				
	Beginning balance as at March 1, 2021 Baht '000	Additions Baht '000	Disposal Baht '000	Ending balance as at February 28, 2022 Baht '000
<b>Cost</b>				
Buildings	1,055,161	422,174	(536,880)	940,455
Office equipment	156,506	42,911	(91,789)	107,628
Vehicles	53,081	49,952	(27,682)	75,351
Total	1,264,748	515,037	(656,351)	1,123,434
<b>Accumulated depreciation</b>				
Buildings	(603,712)	(403,859)	505,076	(502,495)
Office equipment	(95,544)	(49,679)	91,159	(54,064)
Vehicles	(29,310)	(26,432)	27,223	(28,519)
Total	(728,566)	(479,970)	623,458	(585,078)
<b>Total right-of-use assets</b>	<u>536,182</u>			<u>538,356</u>

	SEPARATE FINANCIAL STATEMENTS			
	Beginning	Additions	Disposal	Ending
	balance			balance
	as at			as at
	March 1,			February 28,
	2020			2021
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>				
Buildings	1,176,108	218,325	(339,272)	1,055,161
Office equipment	181,830	41,004	(66,328)	156,506
Vehicles	107,383	20,860	(75,162)	53,081
Total	1,465,321	280,189	(480,762)	1,264,748
<b>Accumulated depreciation</b>				
Buildings	(530,196)	(417,196)	343,680	(603,712)
Office equipment	(110,560)	(43,553)	58,569	(95,544)
Vehicles	(71,992)	(34,364)	77,046	(29,310)
Total	(712,748)	(495,113)	479,295	(728,566)
<b>Total right-of-use assets</b>	<b>752,573</b>			<b>536,182</b>

For consolidated and separate financial statements, the Group and the Company entered into several lease agreements, including buildings, office equipment and vehicles, for periods from less than one year to five years.

The maturity analysis of lease liabilities is presented in Note 21.

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the year ended		For the year ended	
	February 28,	February 28,	February 28,	February 28,
	2022	2021	2022	2021
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Amounts recognized in profit or loss</b>				
Depreciation on right-of-use assets	548,395	552,985	478,070	471,085
Interest expense on lease liabilities	20,484	24,626	14,861	17,268
Gain on discount received from lease agreements	(11,833)	(1,184)	(11,833)	(1,184)
(Gain) loss on cancellation of lease agreements	(1,399)	(3,491)	(724)	1,832

For the year ended February 28, 2022, the total cash outflow for leases amount to Baht 564.34 million and Baht 488.72 million in consolidated and separate financial statements, respectively.

For the year ended February 28, 2021, the total cash outflow for leases amount to Baht 565.39 million and Baht 475.57 million in consolidated and separate financial statements, respectively.

## 16. INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets other than goodwill as at February 28, 2022 and 2021 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000
Cost	4,759,712	4,362,545	4,236,912	3,828,764
Less Accumulated amortization	(3,839,326)	(3,665,989)	(3,459,055)	(3,298,384)
<b>Total intangible assets other than goodwill</b>	<b>920,386</b>	<b>696,556</b>	<b>777,857</b>	<b>530,380</b>

The movements of intangible assets during the years are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					Ending balance as at February 28, 2022 Baht '000
	Beginning balance as at March 1, 2021 Baht '000	Additions Baht '000	Disposals/ Write-off Baht '000	Transfer in (out) Baht '000	Exchange differences on translating financial statements Baht '000	
<b>Cost</b>						
Computer software	4,276,039	164,358	(38,630)	96,548	11,667	4,509,982
Computer software under installation	86,506	259,772	-	(96,548)	-	249,730
Total	4,362,545	424,130	(38,630)	-	11,667	4,759,712
<b>Accumulated amortization</b>						
Computer software	(3,665,989)	(202,899)	37,371	-	(7,809)	(3,839,326)
<b>Total intangible assets other than goodwill</b>	<b>696,556</b>					<b>920,386</b>

	CONSOLIDATED FINANCIAL STATEMENTS					Ending balance as at February 28, 2021 Baht '000
	Beginning balance as at March 1, 2020 Baht '000	Additions Baht '000	Disposals/ Write-off Baht '000	Transfer in (out) Baht '000	Exchange differences on translating financial statements Baht '000	
<b>Cost</b>						
Computer software	4,034,699	101,287	(2,136)	141,247	942	4,276,039
Computer software under installation	96,764	130,989	-	(141,247)	-	86,506
Total	4,131,463	232,276	(2,136)	-	942	4,362,545
<b>Accumulated amortization</b>						
Computer software	(3,484,982)	(182,510)	970	-	533	(3,665,989)
<b>Total intangible assets other than goodwill</b>	<b>646,481</b>					<b>696,556</b>



	SEPARATE FINANCIAL STATEMENTS				
	Beginning balance as at March 1, 2021	Additions	Disposals/ Write-off	Transfer in (out)	Ending balance as at February 28, 2022
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>					
Computer software	3,741,837	151,833	-	94,532	3,988,202
Computer software under installation	86,927	256,315	-	(94,532)	248,710
Total	3,828,764	408,148	-	-	4,236,912
<b>Accumulated amortization</b>					
Computer software	(3,298,384)	(160,671)	-	-	(3,459,055)
<b>Total intangible assets other than goodwill</b>	<u>530,380</u>				<u>777,857</u>

	SEPARATE FINANCIAL STATEMENTS				
	Beginning balance as at March 1, 2020	Additions	Disposals/ Write-off	Transfer in (out)	Ending balance as at February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>					
Computer software	3,582,139	53,132	-	106,566	3,741,837
Computer software under installation	84,732	108,761	-	(106,566)	86,927
Total	3,666,871	161,893	-	-	3,828,764
<b>Accumulated amortization</b>					
Computer software	(3,155,494)	(142,890)	-	-	(3,298,384)
<b>Total intangible assets other than goodwill</b>	<u>511,377</u>				<u>530,380</u>

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Amortization</b>	<u>202,899</u>	<u>182,510</u>	<u>160,671</u>	<u>142,890</u>

As at February 28, 2022 and February 28, 2021, costs of fully amortized computer software still in use are as follows:

	As at February 28, 2022	As at February 28, 2021
	Baht '000	Baht '000
Consolidated financial statements	<u>3,246,967</u>	<u>3,209,771</u>
Separate financial statements	<u>3,038,464</u>	<u>2,983,422</u>

## 17. DEFERRED TAX ASSETS

Deferred tax assets as at February 28, 2022 and 2021 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000
<b>Deferred tax assets</b>				
Allowance for expected credit loss	2,076,888	2,256,201	1,994,594	2,178,361
Non-accrual of interest income	-	1,815	-	-
Cumulative loss from fair value measurement investments in equity securities	4,502	4,502	4,502	4,502
Allowance for impairment of investment and assets	8,579	12,400	10,164	15,764
Provisions for employee benefit	90,248	95,669	83,826	86,320
Deferred revenue from customer loyalty programs	97,898	81,899	97,898	81,899
Lease agreements	15,255	11,998	13,880	11,550
Derivatives	304,803	629,102	304,803	629,102
Others	26,619	29,109	15,306	15,737
	<u>2,624,792</u>	<u>3,122,695</u>	<u>2,524,973</u>	<u>3,023,235</u>
<b>Deferred tax liabilities</b>				
Lease agreements	310	154	-	-
	<u>310</u>	<u>154</u>	<u>-</u>	<u>-</u>
<b>Deferred tax assets</b>	<u>2,624,482</u>	<u>3,122,541</u>	<u>2,524,973</u>	<u>3,023,235</u>

The movements of deferred tax assets and liabilities during the years are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	Beginning balance as at March 1, 2021 Baht '000	Items as recognized in profit or loss Baht '000	Items as recognized in other comprehensive income Baht '000	Ending balance as at February 28, 2022 Baht '000
<b>Deferred tax assets</b>				
Allowance for expected credit loss	2,256,201	(179,313)	-	2,076,888
Non-accrual of interest income	1,815	(1,815)	-	-
Cumulative loss from fair value measurement of investments in equity securities	4,502	-	-	4,502
Allowance for impairment of investment and assets	12,400	(3,821)	-	8,579
Provisions for employee benefit	95,669	12,443	(17,864)	90,248
Deferred revenue from customer loyalty programs	81,899	15,999	-	97,898
Lease agreements	11,998	3,257	-	15,255
Derivatives	629,102	(413,734)	89,435	304,803
Others	29,109	(2,490)	-	26,619
	<u>3,122,695</u>	<u>(569,474)</u>	<u>71,571</u>	<u>2,624,792</u>
<b>Deferred tax liabilities</b>				
Lease agreements	154	156	-	310
	<u>154</u>	<u>156</u>	<u>-</u>	<u>310</u>
<b>Deferred tax assets</b>	<u>3,122,541</u>	<u>(569,630)</u>	<u>71,571</u>	<u>2,624,482</u>

## CONSOLIDATED FINANCIAL STATEMENTS

	Beginning balance as at March 1, 2020 Baht '000	Items as recognized in profit or loss Baht '000	Items as recognized in other comprehensive income Baht '000	Ending balance as at February 28, 2021 Baht '000
<b>Deferred tax assets</b>				
Allowance for expected credit loss	2,187,825	68,376	-	2,256,201
Non-accrual of interest income	73,406	(71,591)	-	1,815
Cumulative loss from fair value measurement of investments in equity securities	1,700	2,802	-	4,502
Allowance for impairment of investment and assets	5,200	7,200	-	12,400
Provisions for employee benefit	78,683	11,522	5,464	95,669
Deferred revenue from customer loyalty programs	59,373	22,526	-	81,899
Lease agreements	1,798	10,200	-	11,998
Derivatives	562,147	179,772	(112,817)	629,102
Others	24,878	4,231	-	29,109
	<u>2,995,010</u>	<u>235,038</u>	<u>(107,353)</u>	<u>3,122,695</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	93,155	(93,155)	-	-
Lease agreements	(968)	1,122	-	154
	<u>92,187</u>	<u>(92,033)</u>	<u>-</u>	<u>154</u>
<b>Deferred tax assets</b>	<u>2,902,823</u>	<u>327,071</u>	<u>(107,353)</u>	<u>3,122,541</u>

## SEPARATE FINANCIAL STATEMENTS

	Beginning balance as at March 1, 2021 Baht '000	Items as recognized in profit or loss Baht '000	Items as recognized in other comprehensive income Baht '000	Ending balance as at February 28, 2022 Baht '000
<b>Deferred tax assets</b>				
Allowance for expected credit loss	2,178,361	(183,767)	-	1,994,594
Cumulative loss from fair value measurement of investments in equity securities	4,502	-	-	4,502
Allowance for impairment of investment and assets	15,764	(5,600)	-	10,164
Provisions for employee benefit	86,320	14,268	(16,762)	83,826
Deferred revenue from customer loyalty programs	81,899	15,999	-	97,898
Lease agreements	11,550	2,330	-	13,880
Derivatives	629,102	(413,734)	89,435	304,803
Others	15,737	(431)	-	15,306
	<u>3,023,235</u>	<u>(570,935)</u>	<u>72,673</u>	<u>2,524,973</u>
<b>Deferred tax assets</b>	<u>3,023,235</u>	<u>(570,935)</u>	<u>72,673</u>	<u>2,524,973</u>

	SEPARATE FINANCIAL STATEMENTS			
	Beginning	Items as	Items as	Ending
	balance	recognized in	recognized in	balance
	as at	profit or loss	in other	as at
	March 1,		comprehensive	February 28,
	2020		income	2021
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for expected credit loss	2,157,959	20,402	-	2,178,361
Non-accrual of interest income	71,755	(71,755)	-	-
Cumulative loss from fair value measurement of investments in equity securities	1,700	2,802	-	4,502
Allowance for impairment of investment and assets	5,200	10,564	-	15,764
Provisions for employee benefit	70,518	10,171	5,631	86,320
Deferred revenue from customer loyalty programs	59,373	22,526	-	81,899
Lease agreements	1,798	9,752	-	11,550
Derivatives	562,147	179,772	(112,817)	629,102
Others	16,516	(779)	-	15,737
	<u>2,946,966</u>	<u>183,455</u>	<u>(107,186)</u>	<u>3,023,235</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	93,155	(93,155)	-	-
	<u>93,155</u>	<u>(93,155)</u>	<u>-</u>	<u>-</u>
<b>Deferred tax assets</b>	<u>2,853,811</u>	<u>276,610</u>	<u>(107,186)</u>	<u>3,023,235</u>

## 18. OTHER NON-CURRENT ASSETS

Other non-current assets as at February 28, 2022 and 2021 consist of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
Deposits	181,687	191,986	167,847	173,279
Total	<u>181,687</u>	<u>191,986</u>	<u>167,847</u>	<u>173,279</u>

## 19. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term borrowings from financial institutions as at February 28, 2022 and 2021, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS			
	As at February 28, 2022		As at February 28, 2021	
	Interest rate		Interest rate	
	p.a. (%)	Baht '000	p.a. (%)	Baht '000
Overdrafts in THB currency	0.75	1,240	-	-
Short-term borrowings in THB currency	0.69 - 1.05	7,940,000	0.69 - 0.97	7,860,000
Short-term borrowings in USD currency	0.88 - 6.50	652,016	0.96 - 6.12	1,367,909
Short-term borrowings in LAK currency	6.13 - 6.60	302,751	5.70 - 6.60	266,339
Short-term borrowings in MMK currency	10.00 - 13.00	275,897	10.00 - 13.00	884,823
Total		<u>9,171,904</u>		<u>10,379,071</u>

SEPARATE FINANCIAL STATEMENTS				
	As at February 28, 2022		As at February 28, 2021	
	Interest rate	Baht '000	Interest rate	Baht '000
	p.a. (%)		p.a. (%)	
Overdrafts in THB currency	0.75	1,240	-	-
Short-term borrowings in THB currency	0.69 - 1.05	7,940,000	0.69 - 0.97	7,860,000
Total		7,941,240		7,860,000

Short-term borrowings in THB and foreign currencies from financial institutions are borrowings from various financial institutions in the form of promissory notes and are unsecured.

## 20. OTHER PAYABLES

Other payables as at February 28, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2022	As at February 28, 2021	As at February 28, 2022	As at February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
Other payable - related companies (see Note 36.2.1)	63,118	67,737	158,247	163,774
Other payable - other companies	430,304	359,229	284,424	182,734
Deferred revenue from customer loyalty programs	494,702	413,018	489,490	409,496
Interest payable	209,175	194,491	194,197	188,652
Accrued expenses	430,721	349,784	423,958	322,278
Total	1,628,020	1,384,259	1,550,316	1,266,934

## 21. LEASE LIABILITIES

Lease liabilities as at February 28, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2022	As at February 28, 2021	As at February 28, 2022	As at February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Maturity analysis:</b>				
Year 1	369,421	466,032	322,587	394,070
Year 2	268,831	187,610	245,106	144,480
Year 3	4,954	54,285	-	32,675
Year 4	1,035	3,699	-	-
Year 5	-	1,248	-	-
	644,241	712,874	567,693	571,225
Less Deferred interest	(19,263)	(23,245)	(15,268)	(12,630)
<b>Total</b>	<b>624,978</b>	<b>689,629</b>	<b>552,425</b>	<b>558,595</b>
<b>Classification analysis:</b>				
Current	356,328	453,755	312,304	384,411
Non-current	268,650	235,874	240,121	174,184
<b>Total</b>	<b>624,978</b>	<b>689,629</b>	<b>552,425</b>	<b>558,595</b>

## 22. LONG-TERM BORROWINGS

As at February 28, 2022 and 2021, the Company entered into various long-term borrowings agreements in THB and foreign currencies as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
As at February 28, 2022				
	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2022 - 2027	0.85 - 3.33	25,645.24	7,363,132
Borrowings in USD currency	2022 - 2027	1.85 - 8.50	656.30	21,651,334
Borrowings in THB currency	2022 - 2026	1.54 - 3.29	19,000.00	19,000,000
<u>Less</u> Borrowings issuance cost				(27,804)
				47,986,662
<u>Less</u> Current portion of long-term borrowings				(17,090,217)
Total long-term borrowings				30,896,445

CONSOLIDATED FINANCIAL STATEMENTS				
As at February 28, 2021				
	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2021 - 2025	2.06 - 4.84	20,642.05	5,931,678
Borrowings in USD currency	2021 - 2027	1.85 - 8.50	699.29	21,127,341
Borrowings in THB currency	2021 - 2024	1.54 - 3.29	15,800.00	15,800,000
<u>Less</u> Borrowings issuance cost				(37,398)
				42,821,621
<u>Less</u> Current portion of long-term borrowings				(3,839,423)
Total long-term borrowings				38,982,198

SEPARATE FINANCIAL STATEMENTS				
As at February 28, 2022				
	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2022 - 2027	0.85 - 3.33	25,645.24	7,363,132
Borrowings in USD currency	2022 - 2025	1.85 - 3.38	564.30	18,560,787
Borrowings in THB currency	2022 - 2026	1.54 - 3.29	19,000.00	19,000,000
<u>Less</u> Borrowings issuance cost				(27,804)
				44,896,115
<u>Less</u> Current portion of long-term borrowings				(16,317,580)
Total long-term borrowings				28,578,535

SEPARATE FINANCIAL STATEMENTS				
As at February 28, 2021				
	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2021 - 2025	2.06 - 4.84	20,642.05	5,931,678
Borrowings in USD currency	2021 - 2025	1.85 - 3.38	627.29	18,952,452
Borrowings in THB currency	2021 - 2024	1.54 - 3.29	15,800.00	15,800,000
<u>Less</u> Borrowings issuance cost				(37,398)
				40,646,732
<u>Less</u> Current portion of long-term borrowings				(3,839,423)
Total long-term borrowings				36,807,309

In the consolidated and separate financial statements as at February 28, 2022, the Company has already repaid long-term borrowings in JPY currency from a related company which is a bank in Japan (see Note 36.2.1) (As at February 28, 2021 : JPY 2,500 million or equivalent to Baht 718.15 million).

As at February 28, 2022 and 2021, the Company can maintain financial ratios and other requirements according to the conditions as specified in the agreement.

## 23. LONG-TERM BORROWINGS UNDER SECURITIZATION PROJECT

As at February 28, 2022 and 2021, the Company recognized the cash received and the settlement by the Seller Loan Account of ATS Rabbit Special Purpose Vehicle Company Limited for the transferred rights in loans receivable under securitization (see Note 5.5) as long-term borrowings under securitization project in the separate financial statements in the amount of Baht 1,401.71 million and Baht 1,489.62 million, respectively.

## 24. LONG-TERM DEBENTURES

Long-term debentures, represent unsubordinated and unsecured debentures, as at February 28, 2022 and 2021, are as follows:

Issue date	Maturity date	No. of units	Currency	Par value per unit	Amount	Interest rate p.a. (%)	Term of interest payment	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000
Company									
22/08/2016	20/08/2021	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.85	Semi-annual	-	453,198
21/12/2016	21/12/2021	1,000,000	THB	1,000	1,000,000,000	3.48	Quarterly	-	1,000,000
30/12/2016	30/12/2021	30	USD	1,000,000	30,000,000	USD-LIBOR 6M + 0.65	Semi-annual	-	906,396
15/12/2017	15/12/2022	1,000,000	THB	1,000	1,000,000,000	2.93	Semi-annual	1,000,000	1,000,000
15/11/2018	15/11/2021	800,000	THB	1,000	800,000,000	3.26	Semi-annual	-	800,000
15/11/2019	15/11/2022	2,800,000	THB	1,000	2,800,000,000	2.27	Semi-annual	2,800,000	2,800,000
15/11/2019	15/11/2024	1,000,000	THB	1,000	1,000,000,000	2.57	Semi-annual	1,000,000	1,000,000
29/12/2021	29/12/2026	70	JPY	00,000,000	7,000,000,000	0.65	Semi-annual	2,009,805	-
								6,809,805	7,959,594
Less Debentures issuance cost								(23,333)	(7,275)
								6,786,472	7,952,319
Less Current portion of long-term debentures								(3,798,878)	(3,156,040)
Total long-term debentures in separate financial statements								2,987,594	4,796,279
ATS Rabbit Special Purpose Vehicle Company Limited									
29/09/2018	28/10/2025	1,473,082	THB	1,000	1,473,082,000	2.84	Monthly	1,473,082	1,473,082
Total long-term debentures in consolidated financial statements								4,460,676	6,269,361

- (1) On June 17, 2016, the Company's Annual General Meeting of shareholders of 2016 had the resolution for the issuance and offering of debentures. An issuing amount of the debentures is not to exceed Baht 8,000 million. The currency, tenor, interest rate and other conditions will be considered and approved by the Board of Directors' Meeting later when the Company is ready for the issuance and offering of debentures.

On August 22, 2016, the Company issued and offered debentures amounting to USD 15 million to a bank in Japan with interest rate of USD - LIBOR 6 months plus 0.85% per annum, payable on a semi-annual basis, and were due on August 20, 2021. Such debentures are guaranteed by the same bank.

On August 24, 2016, the Company issued and offered debentures amounting to Baht 400 million to a non-financial market mutual fund institution investors in Thailand with interest rate of 2.50% per annum, payable on a quarterly basis, and were due on July 30, 2019.

On December 21, 2016, the Company issued and offered debentures amounting to Baht 1,000 million to a financial institution and high net worth investors in Thailand with interest rate of 2.73% per annum, payable on a quarterly basis, and were due on December 21, 2019.

On December 21, 2016, the Company issued and offered debentures amounting to Baht 1,000 million to public investors in Thailand with interest rate of 3.48% per annum, payable on a quarterly basis, and were due on December 21, 2021.

On December 30, 2016, the Company issued and offered debentures amounting to USD 30 million to a bank in Japan with interest rate of USD - LIBOR 6 months plus 0.65% per annum, payable on a semi-annual basis, and were due on December 30, 2021. Such debentures are guaranteed by the same bank.

On August 18, 2017, the Company issued and offered debentures amounting to Baht 200 million to a mutual fund and a pension fund in Thailand with interest rate of 2.50% per annum, payable on a quarterly basis, and were due on August 18, 2020.

On September 14, 2017, the Company issued and offered debentures amounting to Baht 300 million to a mutual fund and a pension fund in Thailand with interest rate of 2.50% per annum, payable on a semi-annual basis, and were due on September 14, 2020.

On September 21, 2017, the Company issued and offered debentures amounting to Baht 100 million to a mutual fund in Thailand with interest rate of 2.50% per annum, payable on a semi-annual basis, and were due on September 21, 2020.

On December 15, 2017, the Company issued and offered debentures amounting to Baht 2,000 million to institutional and high net worth investors in Thailand with interest rate of 2.37% per annum, payable on a semi-annual basis, and were due on December 15, 2020.

On December 15, 2017, the Company issued and offered debentures amounting to Baht 1,000 million to institutional and high net worth investors in Thailand with interest rate of 2.93% per annum, payable on a semi-annual basis, and will be due on December 15, 2022.

On December 29, 2021, the Company issued and offered debentures amounting to JPY 7,000 million to a bank in Japan with interest rate of 0.65% per annum, payable on a semi-annual basis, and will be due on December 29, 2026. Such debentures are guaranteed by the same bank.



- (2) On June 22, 2018, the Company's Annual General Meeting of shareholders of 2018 had the resolution for the issuance and offering of debentures. An issuing amount of the debentures is not to exceed Baht 10,000 million. The currency, tenor, interest rate and other conditions will be considered and approved by the Board of Directors' Meeting later when the Company is ready for the issuance and offering of debentures.

On November 15, 2018, the Company issued and offered debentures amounting to Baht 2,000 million to institutional and high net worth investors in Thailand with interest rate of 2.96% per annum, payable on a semi-annual basis, and were due on November 15, 2020.

On November 15, 2018, the Company issued and offered debentures amounting to Baht 800 million to institutional in Thailand with interest rate of 3.26% per annum, payable on a semi-annual basis, and were due on November 15, 2021.

On November 15, 2019, the Company issued and offered debentures amounting to Baht 2,800 million to institutional in Thailand with interest rate of 2.27% per annum, payable on a semi-annual basis, and will be due on November 15, 2022.

On November 15, 2019, the Company issued and offered debentures amounting to Baht 1,000 million to institutional in Thailand with interest rate of 2.57% per annum, payable on a semi-annual basis, and will be due on November 15, 2024.

- (3) A subsidiary has offered the debentures to no more than 10 specific investors during any 4-month period which such offering was approved by the SEC on October 2, 2015.

During the years ended February 28, 2022 and 2021, the subsidiary issued and offered the long-term refinanced debentures which are unsubordinated and unsecured of Baht 1,473.08 million for partial settlement of the transfer of rights in future receivables and additional receivables in accordance with conditions in the agreements.

Such debentures are assets-backed debentures under the Securitization Law with fixed interest rate at 4% per annum for the 3-year period after the first issuance date, and thereafter with a fixed interest rate equal to the corporate bond yield per annum as prescribed in the conditions.

Cash flows from a pool of loans receivable will be used to make payments for the debentures. Interest on the debentures will be payable monthly throughout their lives commencing on December 18, 2015.

Such debentures will be initially redeemed in 2023 and matured on October 28, 2025 with conditions to redeem before the maturity.

As at February 28, 2022 and 2021, the Company can maintain financial ratios and other requirements according to the conditions as specified in the agreement.

## 25. DERIVATIVE FINANCIAL INSTRUMENTS

The fair values and notional amounts of derivative instruments as at February 28, 2022 and 2021 are as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
	As at February 28, 2022			As at February 28, 2021		
	Fair value		Notional amount Baht '000	Fair value		Notional amount Baht '000
	Assets Baht '000	Liabilities Baht '000		Assets Baht '000	Liabilities Baht '000	
Derivatives designated as cash flow hedges						
Cross currency swaps	376,175	685,049	27,933,724	-	2,780,776	26,243,724
Interest rate swaps	-	182,677	9,000,000	-	364,729	9,000,000
	376,175	867,726	36,933,724	-	3,145,505	35,243,724
Less Current portion of derivative assets / liabilities	(82,380)	(654,801)	(10,819,198)	-	(1,287,130)	(4,699,532)
<b>Total derivative assets / liabilities</b>	<b>293,795</b>	<b>212,925</b>	<b>26,114,526</b>	<b>-</b>	<b>1,858,375</b>	<b>30,544,192</b>

## 26. PROVISIONS FOR EMPLOYEE BENEFITS

The Company operates post-employment benefit plans under the Labor Protection Act, which are considered as unfunded defined benefits plans.

For the years ended February 28, 2022 and 2021, amounts recognized in the statements of profit or loss in respect of the post-employment benefit plans are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
Past service cost				
- For employees transferred from subsidiaries	4,810	-	4,810	-
Current service cost	78,392	70,746	71,737	62,612
Interest cost	7,849	6,458	7,216	5,779
Loss on settlement	20,781	36,342	14,476	27,604
<b>Total</b>	<b>111,832</b>	<b>113,546</b>	<b>98,239</b>	<b>95,995</b>

For the years ended February 28, 2022 and 2021, amounts recognized in other comprehensive income in respect of the post-employment benefit plans are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
(Gain) loss on remeasurements of defined benefit plans				
- From financial assumptions changes	(66,744)	3,594	(62,355)	2,056
- From demographic assumptions changes	7,287	32,298	4,147	32,347
- From experience adjustments	(30,130)	(8,571)	(25,600)	(6,242)
<b>Total</b>	<b>(89,587)</b>	<b>27,321</b>	<b>(83,808)</b>	<b>28,161</b>

Movements in the present value of the provisions for post-employment benefits for the years ended February 28, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	478,346	393,419	431,606	352,594
Past service cost				
- For employees transferred from subsidiaries	4,810	-	4,810	-
Current service cost	78,392	70,746	71,737	62,612
Interest cost	7,849	6,458	7,216	5,779
Loss on settlement	20,781	36,342	14,476	27,604
(Gain) loss on remeasurements of defined benefit plans	(89,587)	27,321	(83,808)	28,161
Benefits paid	(37,256)	(55,940)	(28,578)	(45,144)
Liabilities from transfer of employees from a subsidiary	-	-	1,673	-
Ending balance	463,335	478,346	419,132	431,606

The significant actuarial assumptions used to calculate the provisions for post-employment benefits as at February 28, 2022 and 2021, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	As at February 28, 2022 % per annum	As at February 28, 2021 % per annum
Financial assumptions		
Discount rate	0.84 - 2.60	0.96 - 1.66
Expected rate of salary increase	5.0	5.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 27.0	0.0 - 28.0
Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees
Daily & Temporary staff	0.0 - 51.0	0.0 - 54.0
Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees

	SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2022 % per annum	As at February 28, 2021 % per annum
Financial assumptions		
Discount rate	2.6	1.66
Expected rate of salary increase	5.0	5.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 17.00	0.0 - 17.0
Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees
Daily staff	0.0 - 51.0	0.0 - 52.0
Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees

Sensitivity analysis on significant actuarial assumptions represents impact of change in the significant actuarial assumptions on present value of the provisions for post-employment benefits without discounting to present value as at February 28, 2022 and 2021, as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000
Financial assumptions				
Discount rate				
- 1% increase	(61,892)	(68,251)	(56,479)	(62,532)
- 1% decrease	74,442	82,738	67,988	75,910
Expected rate of salary increase				
- 1% increase	68,367	75,106	62,586	69,057
- 1% decrease	(57,821)	(63,122)	(52,903)	(57,986)
Demographic assumptions				
Turnover rate				
- 1% increase	(65,605)	(71,941)	(59,784)	(65,799)
- 1% decrease	35,836	40,870	31,721	36,659

## 27. SHAREHOLDERS' EQUITY

- 27.1 On June 24, 2020, the Annual General Meeting of Shareholders had the resolutions to approve the declaration of final dividends for the year ended February 29, 2020 at the rate of Baht 2.55 per share, totaling Baht 637.50 million. The aforementioned shareholders included 1,800 shares of foreign shareholders who had no rights to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting to Baht 637.50 million on July 20, 2020 in addition to the interim dividends which had been paid to all shareholders at Baht 2.45 per share, totaling Baht 612.50 million on November 4, 2019.
- 27.2 On October 6, 2020, the Company's Board of Directors' meeting passed the resolution to declare interim dividends for the year ended February 28, 2021 at the rate of Baht 1.85 per share to shareholders, totaling Baht 462.50 million. The aforementioned shareholders included 1,100 shares of foreign shareholders who had no rights to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting to Baht 462.50 million on November 5, 2020.
- 27.3 On June 24, 2021, the Annual General Meeting of Shareholders had the resolutions to approve the declaration of final dividends for the year ended February 28, 2021 at the rate of Baht 2.65 per share, totaling Baht 662.50 million. The aforementioned shareholders included 4,410 shares of foreign shareholders who had no rights to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting to Baht 662.50 million on July 20, 2021 in addition to the interim dividends which had been paid to all shareholders at Baht 1.85 per share, totaling Baht 462.50 million on November 5, 2020.

- 27.4 On October 4, 2021, the Company's Board of Directors' meeting passed the resolution to declare interim dividends for the year ending February 28, 2022 at the rate of Baht 2.50 per share to shareholders, totaling Baht 625.00 million. The aforementioned shareholders included 1,700 shares of foreign shareholders who had no rights to receive dividend in accordance with regulation of Thailand Securities Depositary, thus the Company paid dividend to shareholders amounting to Baht 625.00 million on November 2, 2021.
- 27.5 Under the Securitization project, the subsidiary has to pay dividend to its shareholders from all remaining amounts after deducting the required accumulated reserves and payment of all fees and expenses. The subsidiary appropriates interim dividends after the approval of Board of Directors' meeting on a monthly basis at each Monthly Purchase Date as an appropriation of net profit after income tax of each month.

ATS Rabbit Special Purpose Vehicle Company Limited's registered share capital comprises 2 groups of ordinary shares and 2 groups of preferred shares. Dividends from the profits of the subsidiary shall be allocated to the holders of preferred shares which are non-controlling interests at the rate of 1% of the par value of each preferred share. The remaining dividends shall be distributed to the holders of ordinary shares and another group of preferred shares.

## **28. LEGAL RESERVE**

Pursuant to the Public Limited Companies Act. B.E. 2535 (1992), the Company must allocate to a reserve fund from the annual net profit, not less than 5% of the annual net profit deducted by the total accumulated loss brought forward (if any), until the reserve fund reaches an amount of not less than 10% of the registered capital.

As at February 28, 2022 and 2021, the Company's legal reserve equals to 10% of the registered share capital.

## **29. CAPITAL MANAGEMENT**

The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

Monitoring the capital level of the Company is conducted in accordance with the covenant on financial ratio stipulated in loan agreements.

The Company has been granted the license to operate as a non-financial institution that provides personal loans from the Minister of Finance, of which the Company must have authorized share capital of at least Baht 50 million.

The Company has the policy to pay dividend of at least 30% of net profit. The dividend payment is subject to the resolution of the shareholders' meeting after the Board of Directors' approval.

### 30. OTHER COMPONENTS OF SHAREHOLDERS' EQUITY

Other components of shareholders' equity as at February 28, 2022 and 2021 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	February 28,	February 28,	February 28,	February 28,
	2022	2021	2022	2021
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	(1,016,800)	(1,524,643)	(895,575)	(1,346,848)
Exchange differences on translating financial statements of foreign operations	25,417	56,570	-	-
Gain on cash flow hedges	468,234	451,273	468,234	451,273
Ending balance	<u>(523,149)</u>	<u>(1,016,800)</u>	<u>(427,341)</u>	<u>(895,575)</u>

Differences on exchange rates relating to translation of the financial statements of foreign operations to be presented in THB currency are recognized directly in other comprehensive income and accumulated amount is separately presented under shareholders' equity as other components of equity.

Cumulative loss on cash flow hedges in shareholders' equity consists of the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges against foreign exchange risk.

### 31. REVENUES RELATING TO SECURITIZATION TRANSACTION

For the years ended February 28, 2022 and 2021, the details of revenues from securitization transaction incurred from sales of loans receivable to ATS Rabbit Special Purpose Vehicle Company Limited are included in Loan Income for presentation as follows:

	SEPARATE	
	FINANCIAL STATEMENTS	
	For the years ended	
	February 28,	February 28,
	2022	2021
	Baht '000	Baht '000
Loan income (see Note 36.2.2)		
Interest income from subordinated lendings	10,089	10,089
Revenue from seller loan in Special Purpose Vehicle	28,646	26,050
Dividend from investment in Special Purpose Vehicle	17,398	24,394
Collection servicing income	78,278	85,616
Total	<u>134,411</u>	<u>146,149</u>

### 32. DIRECTORS AND MANagements' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act. Managements' remuneration represents cash remuneration as salaries and bonus paid to the Company's management.

For the years ended February 28, 2022 and 2021, directors and managements' remuneration are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the years ended		SEPARATE FINANCIAL STATEMENTS For the years ended	
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
Short-term employee benefits				
Directors' remuneration	28,979	35,497	21,985	26,786
Managements' remuneration	127,305	118,884	78,483	66,574
Post-employment benefits	4,835	4,668	3,596	3,495
Total	<u>161,119</u>	<u>159,049</u>	<u>104,064</u>	<u>96,855</u>

For the years ended February 28, 2022 and 2021, directors' remunerations which were included in short-term employee benefits were approved by the Annual General Meeting of shareholders of the Company held on June 24, 2021 and June 24, 2020, respectively.

### 33. PROVIDENT FUND

The Company has set up a contributory provident fund. The contribution from employees is deducted from the monthly salaries, with the Company matching the individual's contribution. The Company registered its provident fund in accordance with the Provident Fund Act. B.E. 2530 (1987) on June 1, 1999. This provident fund is managed by an authorized fund manager.

For the years ended February 28, 2022 and 2021, the Company contributed to the provident fund and recorded as expenses, as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the years ended		SEPARATE FINANCIAL STATEMENTS For the years ended	
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
Contributory provident fund	<u>65,384</u>	<u>64,264</u>	<u>56,293</u>	<u>54,311</u>

### 34. EXPENSES BY NATURE

Total expenses for the years ended February 28, 2022 and 2021 comprised of the followings:

	CONSOLIDATED FINANCIAL STATEMENTS For the years ended		SEPARATE FINANCIAL STATEMENTS For the years ended	
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
Staff costs	2,589,464	2,677,354	1,927,830	1,840,835
Marketing expenses	1,321,721	1,538,972	1,254,582	1,473,509
Equipment expenses	619,911	580,361	494,489	455,465
Depreciation and amortization	1,099,011	1,122,870	916,377	928,713
Communication expenses	243,283	245,187	205,932	207,980
Premises' expenses	203,542	229,324	166,619	177,278
Outsource collection expenses	474,344	525,983	957,164	974,204
Special business tax and duty stamp	519,329	558,642	504,034	540,338
Printing material expenses	147,429	162,264	137,065	149,187
Transportation expenses	103,267	148,075	64,333	95,721
Fees and commissions	236,804	182,737	208,056	155,527
Directors and managements' remuneration	161,119	159,049	104,064	96,855
Loss on revaluation of investment	-	14,009	-	14,009
Loss on impairment of investment	-	-	-	16,819
Loss on sale and write-off of leasehold improvement and equipment	11,099	6,802	9,710	6,780
Other expenses	113,263	171,870	88,134	80,311
Total Expenses	<u>7,843,586</u>	<u>8,323,499</u>	<u>7,038,389</u>	<u>7,213,531</u>

### 35. CORPORATE INCOME TAX

The Company and its local subsidiaries used tax rate of 20% for corporate income tax and deferred tax calculations for the years ended February 28, 2022 and 2021. The foreign subsidiaries used 20% - 25% for corporate income tax and deferred tax calculations for the years ended February 28, 2022 and 2021.

Income tax expense of the Company and its subsidiaries is calculated from profit before tax, added back transactions which are non-deductible expenses and deducted exempted income under the Revenue Code.



For the years ended February 28, 2022 and 2021, income tax expense consists of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
Current tax expense for the years	430,250	1,294,151	376,458	1,153,468
Deferred income tax expense (revenue)	569,630	(327,071)	570,935	(276,610)
Income tax expense per statements of profit or loss	<u>999,880</u>	<u>967,080</u>	<u>947,393</u>	<u>876,858</u>

Reconciliations of effective tax rates for the years ended February 28, 2022 and 2021 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
	Baht '000	Baht '000	Baht '000	Baht '000
Accounting profit before income tax	4,573,774	4,647,114	5,080,584	4,687,808
Permanent differences	64,225	(26,215)	8,178	(60,324)
Temporary differences	(2,683,485)	1,644,661	(2,854,673)	1,383,050
Income exempt from tax	-	-	(351,798)	(243,194)
Taxable profit	<u>1,954,514</u>	<u>6,265,560</u>	<u>1,882,291</u>	<u>5,767,340</u>
Normal income tax rate (%)	20.00 - 25.00	20.00 - 25.00	20.00	20.00
Income tax for the year currently payable	430,250	1,294,151	376,458	1,153,468
Deferred tax from temporary differences	569,630	(327,071)	570,935	(276,610)
Income tax expense per statements of profit or loss	<u>999,880</u>	<u>967,080</u>	<u>947,393</u>	<u>876,858</u>
Effective tax rate (%)	21.86	20.81	18.65	18.71

### 36. TRANSACTIONS WITH RELATED PARTIES

The consolidated and separate financial statements include certain transactions with the subsidiaries, associate and related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The consolidated and separate financial statements reflect the effects of these transactions on the basis determined by the Company, the subsidiaries, associate and the related parties which are as follows:

#### 36.1 Investments in an associate and subsidiaries (see Note 9.2) as at February 28, 2022 and 2021 are as follows:

		SEPARATE FINANCIAL STATEMENTS					
		As at February 28, 2022			As at February 28, 2021		
Related parties	Relationship	Ownership %	Paid-up capital Baht' 000	Cost method Baht '000	Ownership %	Paid-up capital Baht' 000	Cost method Baht '000
<b>Investments in an associate and subsidiaries</b>							
<b>Investment in an associate</b>							
ACS Trading Vietnam Company Limited <sup>(1)</sup>	Associate	-	-	-	20.00	84,096.3	16,819.3
<u>Less</u> Allowance for impairment in investment				-			(16,819.3)
<b>Total investment in an associate</b>				-			-
<b>Investments in subsidiaries</b>							
ACS Servicing (Thailand) Company Limited	Subsidiary	100.00	175,349.1	175,349.1	100.00	175,349.1	175,349.1
ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)	Subsidiary	100.00	149,244.3	149,244.3	100.00	149,224.3	149,224.3
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	50.00	643,720.4	323,580.0	50.00	643,720.4	323,580.0
AEON Microfinance (Myanmar) Company Limited	Subsidiary	100.00	455,403.3	455,403.3	100.00	455,403.3	455,403.3
AEON Leasing Service (Lao) Company Limited	Subsidiary	96.29	111,402.9	107,333.1	92.58	111,402.9	103,069.1
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	48.75	40.0	19.5	48.75	40.0	19.5
<b>Total investments in subsidiaries</b>				1,210,909.3			1,206,645.3
<b>Total investments in an associate and subsidiaries</b>				1,210,909.3			1,206,645.3

<sup>(1)</sup> Since November 29, 2021, the proportion of the Company's shareholding in ACS Trading Vietnam Company Limited ("ACS Trading Vietnam") decreased from 20% to 3.03% because the Company waived the rights to purchase the increased share capital in ACS Trading Vietnam. This resulted in reclassification of the investment from investment in an associate to investment in equity securities measured at fair value through profit or loss (see Note 9.1).

## 36.2 Business transactions with related parties

### 36.2.1 Balances with related parties as at February 28, 2022 and 2021, are as follows:

Related parties	Relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		February 28, 2022 Baht '000	February 28, 2021 Baht '000	February 28, 2022 Baht '000	February 28, 2021 Baht '000
<b>Other receivables</b> (see Note 6)					
ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)	Subsidiary	-	-	110	37,974
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	3,069	2,964
AEON Financial Service Co., Ltd.	Major shareholder	128	154	128	105
AEON Credit Service Company Limited	Common ultimate holding company	646	-	-	-
ACS Capital Corporation Limited	Shareholder and one common director	596	5,672	450	376
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	49,049	49,828
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	1,835	1,663
AEON (Cambodia) Company Limited	Common ultimate holding company	57	80	-	-
AEON (Thailand) Co., Ltd.	Common ultimate holding company	4,595	24	4,595	-
		<u>6,022</u>	<u>5,930</u>	<u>59,236</u>	<u>92,910</u>
<b>Long-term loan to a subsidiary</b> (see Note 8)					
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	130,244	119,494
<b>Seller loan in Special Purpose Vehicle for securitization</b> (see Note 12)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	275,773	219,626
<b>Subordinated lendings</b> (see Note 13.1)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	84,074	84,074
<b>Trade payables</b>					
ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)	Subsidiary	-	-	-	163

Related parties	Relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
		Baht '000	Baht '000	Baht '000	Baht '000
<b>Other payables</b> (see Note 20)					
ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)	Subsidiary	-	-	56	2,046
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	55,814	59,897
AEON (Thailand) Co., Ltd.	Common ultimate holding company	1,076	1,176	1,076	1,176
AEON Financial Service Co., Ltd.	Major shareholder	57,387	56,883	51,597	48,037
AEON Credit Service Company Limited	Common ultimate holding company	3,561	3,653	2,415	1,891
AEON Credit Service Systems (Philippines) Inc.	Common ultimate holding company	-	3,590	-	-
AEON Bank Ltd.	Common ultimate holding company	1,094	1,682	1,094	1,682
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	-	78	-	-
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	46,195	49,045
AEON Insurance Service Company Limited (JP)	Common ultimate holding company	-	672	-	-
ACS Capital Corporation Limited	Shareholder and one common director	-	3	-	-
		<u>63,118</u>	<u>67,737</u>	<u>158,247</u>	<u>163,774</u>
<b>Long-term borrowings</b> (see Note 22)					
AEON Bank Ltd.	Common ultimate holding company	-	718,151	-	718,151
<b>Long-term borrowing under securitization project</b> (see Note 23)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	1,401,709	1,489,622
<b>Deposit Received</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	4,163	4,163
<b>Deferred Revenue</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	77,928	78,809

36.2.2 Transactions with related parties for the years ended February 28, 2022 and 2021, are as follows:

Related parties	Relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the years ended		For the years ended	
		February 28,	February 28,	February 28,	February 28,
		2022	2021	2022	2021
		Baht '000	Baht '000	Baht '000	Baht '000
<b>Sale promotion income</b>					
ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)	Subsidiary	-	-	731	1,751
<b>Credit card income</b>					
ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)	Subsidiary	-	-	28,332	339,108
<b>Revenue relating to securitization transaction (included in loan income) (see Note 31)</b>					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	134,411	146,149
<b>Collection income</b>					
ACS Capital Corporation Limited	Shareholder and one common director	71	912	-	-
<b>Dividend income</b>					
ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)	Subsidiary	-	-	290,000	130,000
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	44,400	88,800
		<u>-</u>	<u>-</u>	<u>334,400</u>	<u>218,800</u>
<b>Other income</b>					
ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)	Subsidiary	-	-	11,620	60,593
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	21,092	12,901
ACS Capital Corporation Limited	Shareholder and one common director	12,606	15,807	3,621	4,243
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	11,247	10,559
		<u>12,606</u>	<u>15,807</u>	<u>47,580</u>	<u>88,296</u>
<b>Operating and administrative expenses</b>					
<b>Collection service fee</b>					
ACS Servicing (Thailand) Co., Ltd.	Subsidiary	-	-	495,993	466,409
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	4,502	6,697
		<u>-</u>	<u>-</u>	<u>500,495</u>	<u>473,106</u>

Related parties	Relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the years ended		For the years ended	
		February 28, 2022	February 28, 2021	February 28, 2022	February 28, 2021
		Baht '000	Baht '000	Baht '000	Baht '000
Others					
AEON Financial Service Co., Ltd.	Major shareholder	187,857	136,778	114,398	104,215
AEON Credit Service Company Limited	Common ultimate holding company	11,522	32,651	4,420	10,396
AEON Bank Ltd.	Common ultimate holding company	16,428	17,871	6,367	5,339
AEON (Thailand) Co., Ltd.	Common ultimate holding company	16,460	17,667	16,460	17,667
AEON Credit Service Systems (Philippines) Inc.	Common ultimate holding company	-	843	-	843
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	32,837	23,986
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	-	-	2,320
ACS Capital Corporation Limited	Shareholder and one common director	60	-	-	-
AEON Insurance Service Company Limited (JP)	Common ultimate holding company	1,321	4,165	-	-
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	100	-
ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited)	Subsidiary	-	-	75	-
		233,648	209,975	174,657	164,766
Finance costs					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	330,997	377,858
AEON Bank Ltd.	Common ultimate holding company	7,290	11,287	2,575	6,579
AEON Financial Service Co., Ltd.	Major shareholder	16,101	12,844	-	-
		23,391	24,131	333,572	384,437
Dividend paid					
AEON Financial Service Co., Ltd.	Major shareholder	452,170	386,320	452,170	386,320
ACS Capital Corporation Limited	Shareholder and one common director	247,200	211,200	247,200	211,200
AEON Holding (Thailand) Limited	Common ultimate holding company	113,300	96,800	113,300	96,800
		812,670	694,320	812,670	694,320

- Other income for the years ended February 28, 2022 and 2021 includes computer fee and Finance and Accounting operation services fee charged to ACS Capital Corporation Limited, ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited) and ACS Servicing (Thailand) Company Limited. Details are as follows:

(1) Computer fee

The computer fee is charged to ACS Capital Corporation Limited, ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited) and ACS Servicing (Thailand) Company Limited at the rate of Baht 200,000 per month, Baht 200,000 per month and Baht 200,000 per month, respectively.

From March 2021 onwards, it is charged to ACS Servicing (Thailand) Company Limited at the rate of Baht 707,349 per month. The service fees are determined on a cost plus basis.

(2) Finance and Accounting operation services fee

From March 2020 onwards, Finance and Accounting operation services fee is charged to ACS Capital Corporation Limited, ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited) and ACS Servicing (Thailand) Company Limited at the rate of Baht 97,000 per month, Baht 580,000 per month and Baht 760,000 per month, respectively.

From January 2021 onwards, Finance and Accounting operation services fee is charged to ACS Capital Corporation Limited, ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited) and ACS Servicing (Thailand) Company Limited at the rate of Baht 50,000 per month, Baht 330,000 per month and Baht 720,000 per month.

From January 2022 onwards, Finance and Accounting operation services fee is charged to ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited) and ACS Servicing (Thailand) Company Limited at the rate of Baht 50,000 per month and Baht 730,000 per month, respectively. The service fees are determined on a cost plus basis.

- Revenues relating to securitization transactions are determined by the Company and subsidiaries in accordance with securitization projects (see Note 5.5).
- Collection service fee paid to ACS Servicing (Thailand) Co., Ltd. is based on general market price and in the normal course of business.
- Management assistant fee is paid to AEON Financial Service Co., Ltd. as stated in the agreement.
- Pricing policy for other operating and administrative expenses are determined by the Company and related parties based on the cost-plus basis.
- Purchase price of computer programs paid to AEON Credit Service Systems (Philippines) Inc. as specified in the agreement.

### 37. SEGMENT INFORMATION

The Group presents segment information in respect of the business segments based on the management and internal reporting structure. The business segments of the Group consist of:

Retail finance services	Consist of credit card, hire-purchase and personal loans and others
Other business	Consist of debt collection service and insurance brokerage services

The Group does not have revenues from transactions with a single external customer at 10% or more of total revenues.

Transactions between segments are recorded on the same basis as the transaction conducted with the third-party transactions. Transactions between segments are eliminated on consolidation.

The segment information of the Group was classified by business segment as follows:

37.1 Operating result classified by business for the years ended February 28, 2022 and 2021 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS					
For the year ended February 28, 2022					
	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	19,084,390	1,263,720	443,312	-	20,791,422
Inter - segment revenues	498,077	16,879	498,129	(1,013,085)	-
	19,582,467	1,280,599	941,441	(1,013,085)	20,791,422
Expenses					
Operating and administrative expenses	6,907,947	648,362	772,900	(657,841)	7,671,368
Directors and managements' remuneration	104,064	30,986	26,069	-	161,119
Loss on sale and write-off of leasehold improvement and equipment and intangible assets other than goodwill	9,710	1,000	389	-	11,099
Total expenses	7,021,721	680,348	799,358	(657,841)	7,843,586
Finance costs	1,538,790	214,243	1,726	(10,094)	1,744,665
Expected credit loss	5,915,244	713,855	298	-	6,629,397
Profit (loss) before income tax	5,106,712	(327,847)	140,059	(345,150)	4,573,774
Income tax expense	956,122	8,904	34,854	-	999,880
Profit (loss) for the year	4,150,590	(336,751)	105,205	(345,150)	3,573,894



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For the year ended February 28, 2021

	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	18,665,030	1,574,368	1,062,504	-	21,301,902
Inter - segment revenues	643,712	(6,364)	468,972	(1,106,320)	-
	19,308,742	1,568,004	1,531,476	(1,106,320)	21,301,902
Expenses					
Operating and administrative expenses	7,054,212	755,634	1,200,298	(866,505)	8,143,639
Directors and managements' remuneration	96,855	27,952	34,242	-	159,049
Loss on revaluation of investment	14,009	-	-	-	14,009
Loss on impairment of investment	16,819	-	-	(16,819)	-
(Gain) loss on sale and write-off of leasehold improvement and equipment	6,780	358	(336)	-	6,802
Total expenses	7,188,675	783,944	1,234,204	(883,324)	8,323,499
Finance costs	1,779,026	325,279	2,507	(10,559)	2,096,253
Expected credit loss (reversal)	5,599,822	610,018	(235)	-	6,209,605
Share of loss of an associate using equity method	-	-	-	25,431	25,431
Profit (loss) before income tax	4,741,219	(151,237)	295,000	(237,868)	4,647,114
Income tax expense	892,419	19,515	55,146	-	967,080
Profit (loss) for the year	3,848,800	(170,752)	239,854	(237,868)	3,680,034

37.2 Financial position classified by business as at February 28, 2022 and 2021 are as follows:

## CONSOLIDATED FINANCIAL STATEMENTS

As at February 28, 2022

	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Trade and other receivables	75,858,446	4,660,254	233,465	(149,860)	80,602,305
Leasehold improvement and equipment and intangible assets other than goodwill	1,306,702	144,856	98,705	(6,943)	1,543,320
Other assets	8,343,195	687,801	635,593	(1,342,826)	8,323,763
Total assets	85,508,343	5,492,911	967,763	(1,499,629)	90,469,388
Total liabilities	65,628,919	4,712,649	128,388	(264,531)	70,205,425

## CONSOLIDATED FINANCIAL STATEMENTS

As at February 28, 2021

	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Trade and other receivables	71,456,826	4,958,981	439,019	(188,876)	76,665,950
Leasehold improvement and equipment and intangible assets other than goodwill	1,174,163	173,771	149,019	(6,942)	1,490,011
Other assets	8,701,283	1,069,615	810,686	(1,349,043)	9,232,541
Total assets	81,332,272	6,202,367	1,398,724	(1,544,861)	87,388,502
Total liabilities	64,820,381	5,160,685	334,830	(307,058)	70,008,838

### 38. DISCLOSURE OF INFORMATION RELATING TO FINANCIAL INSTRUMENTS

#### 38.1 Financial risk management objectives

The Group's and the Company's Treasury function provides services to the Group and the Company in coordinating access to domestic and international financial markets, monitoring and managing the financial risks relating to the operations of the Group and the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group and the Company seek to minimize the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's and the Company's policies approved by the Board of Directors of the Group and the Company, which provide written principles on foreign currency risk, interest rate risk, credit risk and the use of financial derivatives and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group and the Company do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's and the Company's Treasury function reports quarterly to the Group's and the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

#### 38.2 Market risk

The Group's and the Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The Group and the Company enter into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk, including:

- cross currency swap to hedge the fluctuation exchange rate arising on translation of the Group's and the Company's borrowings and debentures; and
- interest rate swaps to mitigate the risk of rising interest rates.

##### 38.2.1 Foreign currency risk management

The Group and the Company have liabilities in foreign currencies, which are different from their functional currencies. Foreign exchange rate exposures are managed within approved policy utilizing cross currency swap contracts.

##### Foreign currency sensitivity analysis

The Group and the Company enter into cross currency swap contracts for all borrowings and debentures denominated in different currencies from functional currencies. Consequently, the Group and the Company do not expose risks from the sensitivity of foreign currency.

### Cross currency swap contracts

It is the policy of the Group and the Company to enter into cross currency swap contracts to manage the foreign exchange rate risk associated with borrowings and debentures.

In the current year, the Group and the Company have designated all cross currency swap contracts as a hedge of their foreign currency borrowings and debentures. Regarding the review on the Group's and the Company's policy and due to the increased volatility in foreign exchange rate, it was decided that 100% of foreign currency borrowings and debentures be hedged.

The information of cross currency swap contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items, are presented together with the information of interest rate swap contracts (see Note 38.2.2). Cross currency swap contracts assets and liabilities are presented in "Derivative assets" and "Derivative liabilities" within the statement of financial position (see Note 25 for further details).

### 38.2.2 Interest rate risk management

The Group and the Company are exposed to interest rate risk because borrowings and debentures carry floating interest rates. The Group and the Company, therefore, manage interest rate risk by the use of interest rate swap contracts to ensure that the Group and the Company do not expose risks from the fluctuation of interest rate.

The Group's and the Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this Note.

#### Interest rate sensitivity analysis

The Group and the Company enter into interest rate swap contracts for all borrowings and debentures carrying floating interest rate, hence, the Group and the Company do not expose to risks from the sensitivity of interest rate.

#### Interest rate swap contracts

Under interest rate swap contracts, the Group and the Company agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group and the Company to mitigate the risk of changing interest rates. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows at the reporting date and the credit risk inherent in the contract.

The following tables are the information regarding cross currency and interest rate swap contracts and interest rate swap contracts as at February 28, 2022 and 2021, and their related hedged items.

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

As at February 28, 2022

Hedge instruments	Contract interest rate	Notional principal value		Change in fair value used for calculating hedge ineffectiveness	Carrying amount of the hedging instrument assets/(liabilities)
	% per annum	Foreign currency Million	Functional currency Baht '000	Baht '000	Baht '000
<b>Cash flow hedges</b>					
Cross currency and interest rate swap contracts					
JPY currency					
Less than 1 year	0.40	2,500.00	717,788	-	(65,651)
1 to 5 years	0.37 - 0.85	30,145.24	8,655,150	-	(248,790)
			9,372,938	-	(314,441)
USD currency					
Less than 1 year	0.96 - 1.68	185.50	6,101,410	-	(90,481)
1 to 5 years	0.85 - 1.83	378.80	12,459,376	-	96,047
			18,560,786	-	5,566
Interest rate swap contracts					
THB currency					
Less than 1 year	0.92 - 1.22	-	4,000,000	-	(49,506)
1 to 5 years	0.83 - 1.24	-	5,000,000	-	(133,170)
			9,000,000	-	(182,676)
			36,933,724	-	(491,551)

## CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

As at February 28, 2021

Hedge instruments	Contract interest rate	Notional principal value		Change in fair value used for calculating hedge ineffectiveness	Carrying amount of the hedging instrument assets
	% per annum	Foreign currency Million	Functional currency Baht '000	Baht '000	Baht '000
<b>Cash flow hedges</b>					
Cross currency and interest rate swap contracts					
JPY currency					
Less than 1 year	0.78	5,000.00	1,436,795	-	172,826
1 to 5 years	0.36 - 0.40	15,642.05	4,494,883	-	326,322
			<u>5,931,678</u>	<u>-</u>	<u>499,148</u>
USD currency					
Less than 1 year	0.77 - 1.11	107.99	3,262,737	-	504,485
1 to 5 years	0.89 - 1.45	564.30	17,049,309	-	1,777,143
			<u>20,312,046</u>	<u>-</u>	<u>2,281,628</u>
Interest rate swap contracts					
THB currency					
Less than 1 year	-	-	-	-	-
1 to 5 years	0.93 - 1.25	-	9,000,000	-	364,729
			<u>9,000,000</u>	<u>-</u>	<u>364,729</u>
			<u>35,243,724</u>	<u>-</u>	<u>3,145,505</u>

The following table details the effectiveness of the hedging relationships and the amounts reclassified from hedging reserve to profit or loss:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS						
For the year ended February 28, 2022						
	Change in the fair value of hedging instrument recognized in OCI	Hedge ineffectiveness recognized in profit or loss	Line item in profit or loss in which hedge ineffectiveness is included	Amount reclassified from cash flow hedge reserve due to hedged item affecting profit or loss	Amount reclassified from cost of hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
	Baht '000	Baht '000		Baht '000	Baht '000	
<b>Cash flow hedges</b>						
Cross currency and interest rate swap contracts						
JPY currency	184,707	-	-	7,387 (97,998)	10,212 -	Finance costs Other income
USD currency	2,287,195	-	-	(5,393) (1,968,160)	2,075 -	Finance costs Other income
Interest rate swap contracts						
THB currency	182,052	-	-	874	-	Finance costs
<b>Total</b>	<b>2,653,954</b>	<b>-</b>		<b>(2,063,290)</b>	<b>12,287</b>	

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS						
For the year ended February 28, 2021						
	Change in the fair value of hedging instrument recognized in OCI	Hedge ineffectiveness recognized in profit or loss	Line item in profit or loss in which hedge ineffectiveness is included	Amount reclassified from cash flow hedge reserve due to hedged item affecting profit or loss	Amount reclassified from cost of hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
	Baht '000	Baht '000		Baht '000	Baht '000	
<b>Cash flow hedges</b>						
Cross currency and interest rate swap contracts						
JPY currency	(19,806)	-	-	(40,097) 229,621	6,072 -	Finance costs Other income
USD currency	(433,292)	-	-	45,714 623,622	11,586 -	Finance costs Other income
Interest rate swap contracts						
THB currency	118,330	-	-	22,340	-	Finance costs
<b>Total</b>	<b>(334,768)</b>	<b>-</b>		<b>881,200</b>	<b>17,658</b>	

### 38.3 Credit risk management

Note 5.4 and Note 3.2.2 detail the Group's and the Company's maximum exposure to credit risk and the measurement bases used to determine expected credit loss, respectively.

Before accepting any new customer, dedicated teams of the Group and the Company responsible for the determination of credit limits use an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed and approved twice a year by the risk management committee.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group and the Company review the recoverable amount of each trade receivables on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Group and the Company consider that the Group's and the Company's credit risk are significantly reduced. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

#### 38.3.1 Overview of the Group's and the Company's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. As at February 28, 2022 and 2021, the Group's and the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group and the Company arise from the carrying amount of the respective recognized financial assets as stated in the consolidated and separate statement of financial position.

The Group's and the Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Low credit risk receivables (Stage 1)	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Significant increase in credit risk receivables (Stage 2)	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Default receivables in credit risk (Stage 3)	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off



The tables below detail the credit quality of the Group's and the Company's financial assets, as well as the Group's and the Company's maximum exposure to credit risk by credit risk rating grades:

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>						
<b>As at February 28, 2022</b>						
	<b>Notes</b>	<b>External credit rating</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying amount Baht '000</b>	<b>Allowance for ECL Baht '000</b>	<b>Net carrying amount Baht '000</b>
Trade receivables	5	N/A	12-month ECL	82,898,746	(5,563,984)	77,334,762
			Lifetime ECL	8,129,109	(5,387,471)	2,741,638
Fixed deposits at banks under obligations	7	N/A	12-month ECL	44,333	-	44,333
				<u>91,072,188</u>	<u>(10,951,455)</u>	<u>80,120,733</u>
 <b>CONSOLIDATED FINANCIAL STATEMENTS</b>						
<b>As at February 28, 2021</b>						
	<b>Notes</b>	<b>External credit rating</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying amount Baht '000</b>	<b>Allowance for ECL Baht '000</b>	<b>Net carrying amount Baht '000</b>
Trade receivables	5	N/A	12-month ECL	79,446,594	(5,969,416)	73,477,178
			Lifetime ECL	7,985,968	(5,623,803)	2,362,165
Fixed deposits at banks under obligations	7	N/A	12-month ECL	38,968	-	38,968
				<u>87,471,530</u>	<u>(11,593,219)</u>	<u>75,878,311</u>

SEPARATE FINANCIAL STATEMENTS As at February 28, 2022						
	Notes	External credit rating	12-month or lifetime ECL	Gross carrying amount Baht '000	Allowance for ECL Baht '000	Net carrying amount Baht '000
Trade receivables	5	N/A	12-month ECL	78,540,851	(5,440,033)	73,100,818
			Lifetime ECL	6,926,839	(4,532,937)	2,393,902
Long-term loan to a subsidiary	8	N/A	12-month ECL	130,244	-	130,244
				<u>85,597,934</u>	<u>(9,972,970)</u>	<u>75,624,964</u>
SEPARATE FINANCIAL STATEMENTS As at February 28, 2021						
	Notes	External credit rating	12-month or lifetime ECL	Gross carrying amount Baht '000	Allowance for ECL Baht '000	Net carrying amount Baht '000
Trade receivables	5	N/A	12-month ECL	74,480,252	(5,813,007)	68,667,245
			Lifetime ECL	7,245,972	(5,078,796)	2,167,176
Long-term loan to a subsidiary	8	N/A	12-month ECL	119,494	-	119,494
				<u>81,845,718</u>	<u>(10,891,803)</u>	<u>70,953,915</u>

### 38.4 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors of the Group and the Company, which have established an appropriate liquidity risk management framework for management of the short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group and the Company have to further reduce liquidity risk are disclosed in Note 39.

#### 38.4.1 Liquidity and interest risk tables

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

As at February 28, 2022 and 2021, financial assets and liabilities of the Group and the Company are classified based on contractual maturities as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					
	As at February 28, 2022					
	At call	Less than 1 year	1 - 5 years	More than 5 years	No maturiy	Total
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Financial assets						
Cash and cash equivalents	4,235,603	-	-	-	-	4,235,603
Trade receivables	-	76,839,427	3,236,973	-	-	80,076,400
Other recievables	-	525,905	-	-	-	525,905
Fixed deposits at banks under obligations	-	3,000	41,333	-	-	44,333
Investment in equity securities designated at fair value through profit or loss	-	-	-	-	5,062	5,062
Investment in equity securities designated at fair value through other comprehensive income	-	-	-	-	144,000	144,000
Total financial assets	4,235,603	77,368,332	3,278,306	-	149,062	85,031,303

CONSOLIDATED FINANCIAL STATEMENTS						
As at February 28, 2022						
	At call	Less than 1	1 - 5 years	More than	No maturiy	Total
	Baht '000	year	Baht '000	5 years	Baht '000	Baht '000
		Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Financial liabilities</b>						
Bank overdrafts and short-term borrowings from financial institutions	-	9,171,904	-	-	-	9,171,904
Trade payables	-	269,599	-	-	-	269,599
Other payables	-	1,418,845	-	-	-	1,418,845
Interest payable	-	209,175	-	-	-	209,175
Long-term borrowings	-	17,090,217	30,762,073	134,372	-	47,986,662
Long-term debentures	-	3,798,878	4,460,676	-	-	8,259,554
Derivative liabilities	-	654,801	212,925	-	-	867,726
Lease liabilities	-	356,328	268,650	-	-	624,978
Subordinated borrowings	-	-	84,074	-	-	84,074
Total financial liabilities	-	32,969,747	35,788,398	134,372	-	68,892,517

CONSOLIDATED FINANCIAL STATEMENTS						
As at February 28, 2021						
	At call	Less than 1	1 - 5 years	More than	No maturiy	Total
	Baht '000	year	Baht '000	5 years	Baht '000	Baht '000
		Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Financial assets</b>						
Cash and cash equivalents	5,105,168	-	-	-	-	5,105,168
Trade receivables	-	73,525,984	2,313,359	-	-	75,839,343
Other receivables	-	826,607	-	-	-	826,607
Fixed deposits at banks under obligations	-	-	38,968	-	-	38,968
Investment in equity securities designated at fair value through profit or loss	-	-	-	-	5,062	5,062
Total financial assets	5,105,168	74,352,591	2,352,327	-	5,062	81,815,148

<b>Financial liabilities</b>						
Bank overdrafts and short-term borrowings from financial institutions	-	10,379,071	-	-	-	10,379,071
Trade payables	-	556,154	-	-	-	556,154
Other payables	-	1,189,768	-	-	-	1,189,768
Interest payable	-	194,491	-	-	-	194,491
Long-term borrowings	-	3,839,423	38,982,198	-	-	42,821,621
Long-term debentures	-	3,156,040	6,269,361	-	-	9,425,401
Derivative liabilities	-	1,287,130	1,858,375	-	-	3,145,505
Lease liabilities	-	453,755	234,962	912	-	689,629
Subordinated borrowings	-	-	84,074	-	-	84,074
Total financial liabilities	-	21,055,832	47,428,970	912	-	68,485,714

SEPARATE FINANCIAL STATEMENTS						
As at February 28, 2022						
	At call	Less than 1 year	1 - 5 years	More than 5 years	No maturiy	Total
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Financial assets</b>						
Cash and cash equivalents	2,639,136	-	-	-	-	2,639,136
Trade receivables	-	73,982,280	1,512,440	-	-	75,494,720
Other receivables	-	412,773	-	-	-	412,773
Seller loan in Special Purpose						
Vehicle for securitization	-	275,773	-	-	-	275,773
Derivative Assets	-	82,380	293,795	-	-	376,175
Long-term loan to a subsidiary	-	-	130,244	-	-	130,244
Investment in equity securities designated at fair value through profit or loss	-	-	-	-	5,062	5,062
Investment in equity securities designated at fair value through other comprehensive income	-	-	-	-	144,000	144,000
Subordinated lendings	-	-	84,074	-	-	84,074
Total financial assets	<u>2,639,136</u>	<u>74,753,206</u>	<u>2,020,553</u>	<u>-</u>	<u>149,062</u>	<u>79,561,957</u>
<b>Financial liabilities</b>						
Bank overdrafts and short-term borrowings from financial institutions	-	7,941,240	-	-	-	7,941,240
Trade payables	-	248,207	-	-	-	248,207
Other payables	-	1,356,119	-	-	-	1,356,119
Interest payable	-	194,197	-	-	-	194,197
Long-term borrowings	-	16,317,580	28,578,535	-	-	44,896,115
Long-term borrowings under securitization project	-	-	1,401,709	-	-	1,401,709
Long-term debentures	-	3,798,878	2,987,593	-	-	6,786,471
Derivative liabilities	-	654,801	212,925	-	-	867,726
Lease liabilities	-	312,304	240,121	-	-	552,425
Total financial liabilities	<u>-</u>	<u>30,823,326</u>	<u>33,420,883</u>	<u>-</u>	<u>-</u>	<u>64,244,209</u>

SEPARATE FINANCIAL STATEMENTS						
As at February 28, 2021						
	At call	Less than 1 year	1 - 5 years	More than 5 years	No maturiy	Total
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Financial assets</b>						
Cash and cash equivalents	3,157,192	-	-	-	-	3,157,192
Trade receivables	-	69,057,533	1,776,888	-	-	70,834,421
Other receivables	-	672,233	-	-	-	672,233
Seller loan in Special Purpose						
Vehicle for securitization	-	219,626	-	-	-	219,626
Long-term loan to a subsidiary	-	-	-	119,494	-	119,494
Investment in equity securities designated at fair value through profit or loss	-	-	-	-	5,062	5,062
Subordinated lendings	-	-	84,074	-	-	84,074
Total financial assets	<u>3,157,192</u>	<u>69,949,392</u>	<u>1,860,962</u>	<u>119,494</u>	<u>5,062</u>	<u>75,092,102</u>

	SEPARATE FINANCIAL STATEMENTS					
	As at February 28, 2021					
	At call	Less than 1 year	1 - 5 years	More than 5 years	No maturity	Total
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Financial liabilities</b>						
Bank overdrafts and short-term borrowings from financial institutions	-	7,860,000	-	-	-	7,860,000
Trade payables	-	413,004	-	-	-	413,004
Other payables	-	1,078,282	-	-	-	1,078,282
Interest payable	-	188,652	-	-	-	188,652
Long-term borrowings	-	3,839,423	36,807,309	-	-	40,646,732
Long-term borrowings under securitization project	-	-	1,489,622	-	-	1,489,622
Long-term debentures	-	3,156,040	4,796,279	-	-	7,952,319
Derivative liabilities	-	1,287,130	1,858,375	-	-	3,145,505
Lease liabilities	-	384,411	174,184	-	-	558,595
Total financial liabilities	-	18,206,942	45,125,769	-	-	63,332,711

### 38.5 Capital risk management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group and the Company consists of short-term and long-term borrowings in Note 19, Note 22 and Note 23, long-term debentures in Note 24, lease liabilities in Note 21 and shareholders' equity of the Group and the Company consist of issued share capital, reserves, unappropriated retained earnings and non-controlling interests disclosed in Note 27.

The Group's and the Company's risk management committee review the capital structure on a quarterly basis. As part of this review, the committee of the Group and the Company consider the cost of capital and the risks associated with each class of capital. The Group and the Company are not subject to any externally imposed capital requirements.

#### Gearing ratio

The gearing ratio as at February 28, 2022 and 2021 is as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000	As at February 28, 2022 Baht '000	As at February 28, 2021 Baht '000
Debt	70,205,425	63,399,796	65,474,417	58,507,268
Cash and cash equivalents (including cash and bank balances in a disposal group held for sale)	(4,235,603)	(5,105,168)	(2,639,136)	(3,157,192)
<b>Net debt</b>	<b>65,969,822</b>	<b>58,294,628</b>	<b>62,835,281</b>	<b>55,350,076</b>
<b>Equity</b>	<b>19,888,711</b>	<b>17,379,664</b>	<b>19,879,398</b>	<b>16,498,411</b>
<b>Net debt to equity ratio</b>	<b>3.32</b>	<b>3.35</b>	<b>3.16</b>	<b>3.35</b>

Debt consists of short-term and long-term borrowings in Note 19, Note 22 and Note 23, long-term debentures in Note 24 and lease liabilities in Note 21.

Equity includes all capital and reserves of the Group and the Company that are managed as capital.

### 38.6 Fair value measurements

The Group's and the Company's accounting policies and disclosures require the determination of fair value, for both financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset and liability.

#### Valuation techniques and key inputs used in fair value measurements

- Trade receivables: fair value is subjected to discounted cash flows net of allowance for expected credit loss.
- Long-term loan to a subsidiary: fair value is estimated based on the discounted cash flows using market interest rate.
- Investment in equity securities designated at fair value through profit or loss: fair value is calculated based on the discounted cash flows using weighted average cost of capital.
- Investment in equity securities designated at fair value through other comprehensive income: fair value is calculated based on the discounted cash flows using weighted average cost of capital.
- Long-term borrowings and debentures: fair value are estimated based on the discounted cash flows using average current interest rate over the remaining period to maturity.

#### 1) Fair value

The following tables present the analysis of financial assets and financial liabilities which are measured at fair value and their fair value hierarchy level classification as at February 28, 2022 and 2021:

## CONSOLIDATED FINANCIAL STATEMENTS

As at February 28, 2022

	Carrying amount				Fair value	
	FVTPL - derivatives designated in hedge relationships	FVTOCI	FVTPL - designated	Amortized cost	Fair value hierarchy	
	Baht '000	Baht '000	Baht '000	Baht '000		
<b>Financial assets</b>						
Cash and cash equivalents	-	-	-	4,235,603	4,235,603	Level 2
Trade receivables	-	-	-	80,076,400	80,076,400	Level 3
Other receivables	-	-	-	525,905	525,905	Level 3
Fixed deposits at banks under obligations				44,333	44,333	Level 3
Derivative Assets	376,175	-	-	-	376,175	Level 2
Investment in equity securities designated at fair value through profit or loss	-	-	5,062	-	5,062	Level 3
Investment in equity securities designated at fair value through comprehensive income	-	144,000	-	-	144,000	Level 3
Total financial assets	376,175	144,000	5,062	84,882,241	85,407,478	
<b>Financial liabilities</b>						
Bank overdrafts and short-term borrowings from financial institutions	-	-	-	9,171,904	9,171,904	Level 2
Trade payables	-	-	-	269,599	269,599	Level 3
Other payables	-	-	-	1,628,020	1,628,020	Level 3
Interest payable	-	-	-	209,175	209,175	Level 3
Long-term borrowings	-	-	-	47,986,662	47,974,780	Level 2
Long-term debentures	-	-	-	8,259,554	8,301,937	Level 2
Derivative liabilities	867,726	-	-	-	867,726	Level 2
Lease liabilities	-	-	-	624,978	624,978	Level 3
Subordinated borrowings	-	-	-	84,074	84,074	Level 3
Total financial liabilities	867,726	-	-	68,233,966	69,132,193	



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As at February 28, 2021

	Carrying amount			Fair value	
	FVTPL - derivatives designated in hedge relationships	FVTPL - designated	Amortized cost	Fair value hierarchy	
	Baht '000	Baht '000	Baht '000		
<b>Financial assets</b>					
Cash and cash equivalents	-	-	5,105,168	5,105,168	Level 2
Trade receivables	-	-	75,839,343	75,839,343	Level 3
Other receivables	-	-	826,607	826,607	Level 3
Fixed deposits at banks under obligations	-	-	38,968	38,968	Level 3
Investment in equity securities designated at fair value through profit or loss	-	5,062	-	5,062	Level 3
Total financial assets	-	5,062	81,810,086	81,815,148	
<b>Financial liabilities</b>					
Bank overdrafts and short-term borrowings from financial institutions	-	-	10,379,071	10,379,071	Level 2
Trade payables	-	-	556,154	556,154	Level 3
Other payables	-	-	1,189,768	1,189,768	Level 3
Interest payable	-	-	194,491	194,491	Level 3
Long-term borrowings	-	-	42,821,621	42,855,929	Level 2
Long-term debentures	-	-	9,425,401	9,454,304	Level 2
Derivative liabilities	3,145,505	-	-	3,145,505	Level 2
Lease liabilities	-	-	689,629	689,629	Level 3
Subordinated borrowings	-	-	84,074	84,074	Level 3
Total financial liabilities	3,145,505	-	65,340,209	68,548,925	

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As at February 28, 2022

	Carrying amount				Fair value	
	FVTPL - derivatives designated in hedge relationships	FVTOCI	FVTPL - designated	Amortized cost	Fair value hierarchy	
	Baht '000	Baht '000	Baht '000	Baht '000		
<b>Financial assets</b>						
Cash and cash equivalents	-	-	-	2,639,136	2,639,136	Level 2
Trade receivables	-	-	-	75,494,720	75,494,720	Level 3
Other receivables	-	-	-	412,773	412,773	Level 3
Seller loan in Special Purpose Vehicle for securitization	-	-	-	275,773	275,773	Level 3
Long-term loan to a subsidiary	-	-	-	130,244	128,020	Level 2
Derivative Assets	376,175	-	-	-	376,175	Level 2
Investment in equity securities designated at fair value through profit or loss	-	-	5,062	-	5,062	Level 3
Investment in equity securities designated at fair value through comprehensive income	-	144,000	-	-	144,000	Level 3
Subordinated lendings	-	-	-	84,074	84,074	Level 3
Total financial assets	<u>376,175</u>	<u>144,000</u>	<u>5,062</u>	<u>79,036,720</u>	<u>79,559,733</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term borrowings from financial institutions	-	-	-	7,941,240	7,941,240	Level 2
Trade payables	-	-	-	248,207	248,207	Level 3
Other payables	-	-	-	1,356,119	1,356,119	Level 3
Interest payable	-	-	-	194,197	194,197	Level 3
Long-term borrowings	-	-	-	44,896,115	44,884,233	Level 2
Long-term borrowings under securitization project	-	-	-	1,401,709	1,401,709	Level 3
Long-term debentures	-	-	-	6,786,471	6,828,855	Level 2
Derivative liabilities	867,726	-	-	-	867,726	Level 2
Lease liabilities	-	-	-	552,425	552,425	Level 3
Total financial liabilities	<u>867,726</u>	<u>-</u>	<u>-</u>	<u>63,376,483</u>	<u>64,274,711</u>	

## SEPARATE FINANCIAL STATEMENTS

As at February 28, 2021

	Carrying amount			Fair value	
	FVTPL - derivatives designated in hedge relationships	FVTPL - designated	Amortized cost	Fair value hierarchy	
	Baht '000	Baht '000	Baht '000	Baht '000	
<b>Financial assets</b>					
Cash and cash equivalents	-	-	3,157,192	3,157,192	Level 2
Trade receivables	-	-	70,834,421	70,834,421	Level 3
Other receivables	-	-	672,233	672,233	Level 3
Seller loan in Special Purpose Vehicle for securitization	-	-	219,626	219,626	Level 3
Long-term loan to a subsidiary	-	-	119,494	117,424	Level 2
Investment in equity securities designated at fair value through profit or loss	-	5,062	-	5,062	Level 3
Subordinated lendings	-	-	84,074	84,074	Level 3
Total financial assets	-	5,062	75,087,040	75,090,032	
<b>Financial liabilities</b>					
Bank overdrafts and short-term borrowings from financial institutions	-	-	7,860,000	7,860,000	Level 2
Trade payables	-	-	413,004	413,004	Level 3
Other payables	-	-	1,078,282	1,078,282	Level 3
Interest payables	-	-	188,652	188,652	Level 3
Long-term borrowings	-	-	40,646,732	40,680,980	Level 2
Long-term borrowings under securitization project	-	-	1,489,622	1,489,622	Level 3
Long-term debentures	-	-	7,952,319	7,989,222	Level 2
Derivative liabilities	3,145,505	-	-	3,145,505	Level 2
Lease liabilities	-	-	558,595	558,595	Level 3
Total financial liabilities	3,145,505	-	60,187,206	63,403,862	

### **39. CREDIT FACILITIES AND LETTERS OF GUARANTEE**

- 39.1 As at February 28, 2022 and 2021, the Company has unused committed and unsecured revolving credit facility agreements with some financial institutions totaling Baht 3,000 million.
- 39.2 As at February 28, 2022 and 2021, the Company has unused overdraft facilities with various banks totaling Baht 3,089 million and Baht 3,090 million, respectively. Such overdraft facilities are unsecured.
- 39.3 As at February 28, 2022 and 2021, the Company has a bank's letter of guarantee issued to suppliers for guarantee payment of Baht 0.50 million. Such letter of guarantee is unsecured.
- 39.4 As at February 28, 2022 one subsidiary has letters of guarantee issued by banks in the amounts of Baht 1.63 million. As at February 28, 2021 two subsidiaries have letters guarantee issued by banks in the amounts of Baht 5.78 million.

### **40. SIGNIFICANT AGREEMENTS RELATING TO SECURITIZATION TRANSACTION**

- 40.1 On February 2, 2015, the Company entered into a memorandum of understanding regarding the cooperation between the Company and BTS Group Holdings Public Company Limited ("BTSG") and Bangkok Smartcard System Company Limited ("BSS") (a subsidiary of BTSG), for the joint issue of member card under the Co-Branded Rabbit Program and setting up a special purpose vehicle for the securitization project, the purpose of securitization through the establishment of a special purpose vehicle in a form of cooperation framework between the Company and BSS Holdings Company Limited ("BSS Holdings") (a subsidiary of BTSG), in accordance with the resolution passed at the meeting of the Board of Directors No. 10/2014, held on December 24, 2014.
- 40.2 The Company entered into the Receivables Sale and Purchase Agreement with ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit) (the subsidiary), on October 22, 2015. Such agreement set out the procedures and terms in respect of the sale and purchase of the Initial Receivables on the Closing Date, for Future Receivables on each Purchase Date and for Additional Receivables on each Monthly Purchase Date including the rights, obligations and responsibilities of both parties. Moreover, the Receivables Sale and Purchase Agreement also set out the terms and conditions in respect of the resale and repurchase of the Ineligible Receivables and Defaulted Receivables.
- 40.3 The Company entered into the Servicing Agreement with ATS Rabbit (the subsidiary) on October 22, 2015. Based on such agreement, the subsidiary appointed the Company (as a transferor and servicer) to provide certain administration services (including record keeping and producing written reports relating to the Collections), to act as the collection agent and other services for loans receivable in relation to the Purchased Receivables. In addition, the Servicing Agreement also set out other relevant terms, such as the scope of the services, the payment of service fees, the termination of the appointment of the Servicer and the Back-up Servicer appointment of the substitute servicer.

#### 41. SALE OF WRITTEN-OFF RECEIVABLES

41.1 On June 28, 2018, the Company sold written-off receivables under loan agreements and credit card agreements to ACS Servicing (Thailand) Company Limited (the “buyer”), a subsidiary, with the purchase price of Baht 31.52 million. On the same date, the Company entered into the “Asset Sale and Purchase Agreement” with the buyer. The agreement sets out the conditions and terms in respect of the sales, assignment and conveyance of the Company’s rights, title, claim, obligation, liability and interest in the written-off receivables under loan agreements and credit card agreements. On June 28, 2018, which is the closing date as specified in the agreement, the Company received the payment in full from the buyer. However, the Group has retained substantially all of the risks and rewards of the assets transferred to the buyer which is the subsidiary. Consequently, the Company recorded cash received from the buyer as deferred revenue which will be recognized as revenue when the buyer can collect from debtors. The Company has already recognized revenue of Baht 0.97 million and Baht 2.02 million as bad debt recovery in the consolidated and separate statements of profit or loss for the years ended February 28, 2022 and 2021, respectively, and recorded outstanding deferred revenue of Baht 21.76 million and Baht 22.73 million as other current liabilities in the separate statement of financial position as at February 28, 2022 and 2021, respectively.

Under the Asset Sale and Purchase Agreement, if the buyer wished to sell or transfer loans receivable that were intended to be a portfolio sale to a third-party, the Company was entitled to a right to first negotiate with the buyer with regard to a purchase of the portfolio before any third-party. If the negotiation was not concluded within three months or the Company decided not to make a purchase, the buyer might sell such loans receivable to a third-party.

41.2 On October 28, 2019, the Company sold written-off receivables under loan agreements and credit card agreements by a bidding process to ACS Servicing (Thailand) Company Limited (the “buyer”), a subsidiary, with the purchase price of Baht 59.11 million. On the same date, the Company entered into the “Asset Sale and Purchase Agreement” with the buyer. The agreement sets out the conditions and terms in respect of the sales, assignment and conveyance of the Company’s rights, title, claim, obligation, liability and interest in the written-off receivables under loan agreements and credit card agreements. On October 28, 2019, which is the closing date as specified in the agreement, the Company received the payment in full from the buyer. However, the Group has retained substantially all of the risks and rewards of the assets transferred to the buyer which is the subsidiary. Consequently, the Company recorded cash received from the buyer as deferred revenue which will be recognized as revenue when the buyer can collect from debtors. The Company has already recognized revenue of Baht 1.18 million and Baht 1.78 million as bad debt recovery in the consolidated and separate statements of profit or loss for the year ended February 28, 2022 and 2021, respectively, and recorded outstanding deferred revenue of Baht 54.77 million and Baht 55.95 million as other current liabilities in the separate statements of financial position as at February 28, 2022 and 2021, respectively.

Under the Asset Sale and Purchase Agreement, if the buyer wished to sell or transfer loans receivable that were intended to be a portfolio sale to a third-party, the Company was entitled to a right to first negotiate with the buyer with regard to a purchase of the portfolio before any third-party. If the negotiation was not concluded within three months or the Company decided not to make a purchase, the buyer might sell such loans receivable to a third-party.

- 41.3 On October 30, 2020, the Company sold written-off receivables under loan agreements and credit card agreements by a bidding process to an unrelated local company (the “buyer”) with the purchase price of Baht 249.70 million. On the same date, the Company entered into the “Asset Sale and Purchase Agreement” with the buyer. The agreement set out the conditions and terms in respect of the sales, assignment and conveyance of the Company’s rights, title, claim, obligation, liability and interest in the written-off receivables under loan agreements and credit card agreements. On October 30, 2020, which is the closing date as specified in the agreement the Company received the initial payment of Baht 74.90 million. The buyer has agreed to pay the remaining amount of purchase price amounting to Baht 174.80 million in 9 installments of Baht 19.42 million per each and last installment will be on July 30, 2021. The Company has already recognized gain on sale of written-off receivables totaling Baht 249.70 million in the consolidated and separate statements of profit or loss for the year ended February 28, 2021, and as at February 28, 2022, the Company has received the full amount of payment under the agreement (as at February 28, 2021, the Company had outstanding receivables of Baht 97.12 million in the consolidated and separate statements of financial position).
- 41.4 On August 31, 2021, the Company sold written-off receivables under loan agreements and credit card agreements by a bidding process to an unrelated local company (the “buyer”) with the purchase price of Baht 319.76 million. On the same date, the Company entered into the “Asset Sale and Purchase Agreement” with the buyer. The agreement set out the conditions and terms in respect of the sales, assignment and conveyance of the Company’s rights, title, claim, obligation, liability and interest in the written-off receivables under loan agreements and credit card agreements. On August 31, 2021, which is the closing date as specified in the agreement, the Company received the payment in full from the buyer. The Company has already recognized gain on sale of written-off receivables totaling Baht 319.76 million in the consolidated and separate statements of profit or loss for the year ended February 28, 2022.

In addition, under the Asset Sale and Purchase Agreement, if the buyer wished to sell or transfer loan to a third party, the buyer shall get written approval from the Company. In addition, a third party shall comply all terms and conditions of the agreement, by entering into the Accession Agreement in form determined by the Company.

**42. EVENTS AFTER THE REPORTING PERIOD**

- 42.1 On April 4, 2022, the Company sold written-off receivables under loan agreements and credit card agreements by a bidding process to an unrelated local company (the “buyer”) with the purchase price of Baht 104.98 million. On the same date, the Company entered into the “Asset Sale and Purchase Agreement” with the buyer. The agreement set out the conditions and terms in respect of the sales, assignment and conveyance of the Company’s rights, title, claim, obligation, liability and interest in the written-off receivables under loan agreements and credit card agreements. On April 4, 2022, which is the closing date as specified in the agreement, the Company received the payment in full from the buyer.
- 42.2 On April 11, 2022, the Board of Directors’ Meeting of ACSI (Thailand) Co., Ltd. (formerly AEON Insurance Service (Thailand) Company Limited) (the “Subsidiary”) had a special resolution to approve the Subsidiary’s dissolution. The Subsidiary will register the dissolution with the Department of Business Development, Ministry of Commerce on June 30, 2022.

**43. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved for issue by the Company’s Board of Directors on April 28, 2022.

# 11

## **Attachments**





Name – Surname Position	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationshi p with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Mr. Tsutomu Omodera <sup>1</sup> Vice Chairman of the Board and Managing Director (Authorized Director) Appointed effective on 24 June 2020	58	Bachelor Degree of Faculty of Engineering Kobe University Japan	None	None	Aeon Group		
		2006-2013			Executive Officer	AEON Bank, Ltd.,	
		2013-2015			Executive Officer	AEON Credit Service Co., Ltd.	
		2015-2019			Director and Executive Officer	AEON Credit Service Co., Ltd.	
		2019			Non-Executive Director	AEON Credit Service Co., Ltd.	
		2018-2020			Managing Director	ACS Credit Management Co., Ltd (Japan)	
		2020-Present			Managing Director	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		2020-Present			Non-Executive Director (Chairman)	ACS Servicing (Thailand) Co., Ltd.	
		2020-Present			Chairman	AEON Specialized Bank (Cambodia) Plc	
		Other listed company					
		None					
		Other non-listed company					
		2021-Present			Director	Rabbit Cash Company Limited	

Name – Surname Position	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationshi p with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Mrs. Suporn Wattanavekin <sup>1</sup> Director (Authorized Director) Appointed effective on 18 February 2000	56	Master Degree in Business Administration National Institute of Development Administration	0.0800	None	<b>Aeon Group</b>		
		2000 – Present			Director	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		2005 – 2020			Director	Aeon Insurance Service Co.,Ltd./ Insurance and Life Insurance Broker	
		2007 - 2018			Vice Chairman	Aeon Thailand Foundation / Foundation	
		2019 - Present			Chairman of the Board	Aeon Thailand Foundation / Foundation	
		<b>Other listed company</b>					
		2020 - Present			Vice Chairman of the Board	Global Consumer PLC/ Packaging Industry	
		<b>Other non-listed company</b>					
		2016 - Present			Director	The Ultrawealth Group Co., Ltd.	

Name – Surname Position	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationshi p with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Mr. Nuntawat Chotvijit Director - Appointed effective on 12 June 2014	52	Master of Business Administration Griffith University Australia	None	None	Aeon Group		
		2009 – 2010			Senior Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		2011 – 2014			Senior Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		2014 – Present			Director	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		2015 – 2016			Director	AEON Credit Service (M) Berhad / Retail Finance	
		2016 – Present			Chairman of the	AEON Leasing Service (Lao) Company Limited / Leasing	
		2018 – Present			Board Director	ACS Trading Vietnam Co., Ltd / Retail Finance	
		June 2021 – Present			Chairman of the Board	AEON Microfinance (Myanmar) Company Limited	
		2015 - Present			Director	ATS Rabbit Special Purpose Vehicle Company Limited (48.75% of ownership)	
		Other listed company					
		None					
		Other non-listed company					
		2010 - 2011			Marketing Director	Focus Media Communication Company Limited /CCTV	

Name – Surname Position	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationshi p with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Ms. Suriporn Thammawatid Director - Appointed effective on 22 June 2018	53	Master of Management Srinakharinwirot University	None	None	Aeon Group		
		2004 – 2006			Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		2006 – 2007			Senior Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		2007 – Present			Director	ACS Servicing (Thailand) Co., Ltd. / Collection Servicer	
		2010 – 2018			Senior Executive Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		2018 – Present			Director	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		Other listed company					
		None					
		Other non-listed company					
		None					
		Training/Seminar - AFS Group Director and Management Training Programme 2020 - Digitalization Seminar for Directors and Management - Legal Training for Directors and Management - "New Era of Contact Center" for Directors and Management seminar - FY2021 ASEN "Compliance Training for Executives" (Virtue Learning)					

Name – Surname Position	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationshi p with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Mr. Kazumasa Oshima Director and Chief Financial Officer (CFO) - Appointed to be CFO effective on 1 December 2018 - Appointed to be Director effective on 21 June 2019	41	Master of Business Administration (Finance) National Institute of Development Administration Bachelor Degree of Sociology Hosei University, Japan	None	None	<b>Aeon Group</b>		
					2014 - Jun 2018	Director	Aeon Leasing Service (Lao) Company Limited
					2016 – 2019	Senior Executive Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					2014 – Present	Director	ACS Capital Corporation Limited/ Leasing
					2018 - Jun 2021	Corporate Auditor	Aeon Leasing Service (Lao) Company Limited
					2018 – Nov 2021	Director	ACS Trading Vietnam Co., Ltd / Retail Finance
					2018 – Present	Chief Financial Officer	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					Jun 2019 - Present	Director	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					Jun 2020 - Present	Non-Executive Director	AEON Microfinance (Myanmar) Co., Ltd
		2015 - Present			Director	ATS Rabbit Special Purpose Vehicle Company Limited (48.75% of ownership)	
		<b>Other listed company</b>					
		None					
		<b>Other non-listed company</b>					
		None					

Name – Surname	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationshi p with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Mr. Junichi Iwakami <sup>3</sup> Director Information Technology and Service Department - Appointed effective on 24 June 2021	62	Bachelor of Economics Waseda University Japan	None	None	Aeon Group		
		2016 – Present			Non-Executive Director	AEON Credit Service Systems (Philippines) Inc.	
		2016 - Present			Senior Executive Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		June 2021 - Present			Director	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		Other listed company					
		None					
		Other non-listed company					
		1998-2016			Executive sales department manager	IBM Japan Co., Ltd.	
Training/Seminar							
- AFS Group Director-Management Training Programme 2021 - Digitalization Seminar for Directors and Management - Legal Training for Directors and Management - "New Era of Contact Center" for Directors and Management seminar - FY2021 ASEN "Compliance Training for Executives" (Virture Learning)							

Name – Surname	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationshi p with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Mr. Chatchaval Jiaravanon Director - Appointed effective on 18 February 2000	60	Bachelor of Science in Business Administration University of Southern California USA	5.8800	None	<b>Aeon Group</b>		
		2000 – Present			Director	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		2007 – Present			Director	Aeon Thailand Foundation / Foundation	
		<b>Other listed company</b>					
		1993 – Present			Director and Managing Director	True Corporation PLC / Telecommunication	
		2001 – Present			Independent Director, Member of Audit Committee, Member of Compensation and Nomination Committee	Frasers Property (Thailand) Public Company Limited / Property & Construction	
		2013 – Present			Chairman	Finansia Syrus Securities PLC / Securities Business	
		2014 – Present			Director, Member of Executive Committee and Chairman of Risk Management Committee	WP Energy PLC / Resources	
		2017 – Present			Independent Director, Member of the Nomination and Compensation Committee	SVI PLC / Technology	
		2021 – Present			Chairman of the Board of Directors	Beryl 8 Plus PLC / Technology	
		<b>Other non-listed company</b>					
		2007 – Present			Director and Chairman of the Board of Directors	Charoen Energy and Water Asia Co., Ltd. / Renewable energy	
		2006 – Present			Chairman	Thai Kodama Co.,Ltd. / Energy management	



Name – Surname	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationshi p with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Dr. Sucharit Koontanakulvong <sup>4</sup> Independent Director and Chairman of Audit Committee - Appointed to be Independent Director and Audit Committee effective on 17 June 2010 - Appointed to be Independent Director and Chairman of Audit Committee effective on 24 June 2021	66	- Doctor in Agricultural Engineering (Civil) - Master in Agricultural Engineering (Civil) - Bachelor Degree in Chemical Engineering KYOTO University, Japan	None	None	<b>Aeon Group</b>		
		2010 – May 2017			Independent Director	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		May 2017 – June 2021			Independent Director and Audit Committee Member	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		June 2021 – Present			Independent Director and Chairman of Audit Committee Member	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		2022 - Present			Director	Aeon Thailand Foundation / Foundation	
		<b>Other listed company</b>					
		2009 - Present			Independent Director & Audit Committee member	Siam Steel Service Center PLC / Steel	
		<b>Other non-listed company</b>					
		1996 – Present			Associate Professor, Faculty of Engineering	Chulalongkorn University / University	
		2022 - Present			Professor	Chulalongkorn University / University	

Name – Surname	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationshi p with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Dr. Mongkon Laoworapong Independent Director and Audit Committee member - Appointed effective on 22 June 2018	52	Ph.D. of Business Administration (Accounting) Thammasat University	None	None	<b>Aeon Group</b>		
		Jun 2018 - Jun 2019			Independent Director	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		Jun 2019 - Present			Independent Director and Audit Committee member	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		<b>Other listed company</b>					
		2011 - Present			Independent Director and Audit Committee Member	CPL Group Public Company Limited	
		2015 - Present			Independent Director and Audit Committee Member	Sahakol Equipment Public Company Limited	
		2016 - Present			Independent Director, Chairman of Audit Committee and Risk Management Committee Member	Applied DB Public Company Limited	
		<b>Other non-listed company</b>					
		2015 – Present			Independent Director, Audit Committee and Risk Management Committee Member	Charoensin Asset Co., Ltd	
		2021 - Present			Managing Director	Quality Assurance Service Co.,Ltd.	

Name – Surname	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationshi p with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Mr. Ittinant Suwanjutha <sup>5</sup> Independent Director and Audit Committee - Appointed effective on 24 June 2021	46	-Master of Laws, University of Minnesota-Twincities, U.S.A -Master of Comparative Law, Indiana University-Bloomington, U.S.A -Bachelor of Laws, Thammasat University, Thailand	None	None	<b>Aeon Group</b>		
		June 2021 - Present			Independent Director and Audit Committee	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		<b>Other listed company</b>					
		Jan 2022 - Present			Independent Director and Audit Committee	Global Consumer Public Company Limited / Food & Beverage	
		<b>Other non-listed company</b>					
		2005-2007			Vice President	Administration and Management of Thai Artist's Right Co., Ltd.	
		2005-2007			Partner	Gilberte, Reed & Co., Ltd.	
		2007-2013			Managing Partner	Legal Connect Co., Ltd.	
		2013-Present			Partner	Blumenthal Richter & Sumet Ltd.	
Mr. Ryuichi Hasuo Independent Director - Appointed effective on 24 June 2020	69	Master Degree of Department of Physics Faculty of Science, Kyushu University, Japan	None	None	<b>Aeon Group</b>		
		2020 - Present			Independent Director	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		<b>Other listed company</b>					
		2012-2014			Executive Officer	Mitsubishi Motors Corporation (Japan)	
		2015-2017			Adviser	Mitsubishi Motors Corporation (Japan)	
		<b>Other non-listed company</b>					
		2002-2007			Senior Vice- President	Tripetch Isuzu Sales Co.,Ltd. (Thailand)	
2007-2010	Chief Executive Officer	MC Automobile (Europe) N.V.					
2016-2019	Head of International Relations Office	National Astronomical Observatory of Japan at National/ Institutes of Natural Sciences					

Name – Surname	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationshi p with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Ms. Supanee Asawasuan Senior Executive Vice President (Company Secretary) - Appointed effective on 21 September 2009	54	- Master of Business Administration Eastern Michigan University - Bachelor Degree of Accounting Assumption University - Certified Public Accountant (CPA)	0.0025	None	<b>Aeon Group</b>		
		2005 – 2009			Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		2009 – Present			Senior Executive Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		2020 – April2022			Director	ACS Trading Vietnam Co., Ltd / Retail Finance	
		<b>Other listed company</b>					
		None					
		<b>Other non-listed company</b>					
		1997 - 2001			Senior Analyst	The Stock Exchange of Thailand	
Mr. Witchasorn Suwannakindra Senior Executive Vice President - Business Control Management Department - Appointed effective on 1 March 2013	59	Master’s Degree of Public Administration University of New Haven USA	0.00008	None	<b>Aeon Group</b>		
					2009 – 2011	Assistant Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					2011 – 2013	Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					2013 – Present	Senior Executive Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					2020 – Present	Director	ACS Servicing (Thailand) PLC / Collection Servicer
					<b>Other listed company</b>		
					None		
					<b>Other non-listed company</b>		
					None		

Name – Surname	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationshi p with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Mr. Manavudhi Mingvanich Senior Executive Vice President - System Development Department - Appointed effective on 21 August 2013	54	Bachelor Degree of Computer Science Ramkhamhaeng University	None	None	<b>Aeon Group</b>		
					2004 – 2010	Assistant Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					2010 – 2013	Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					2013 - Present	Senior Executive Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					<b>Other listed company</b>		
					None		
					<b>Other non-listed company</b>		
					None		
Mr. Somsak Hempiam Senior Executive Vice President - Auto Finance Department - Appointed effective on 1 October 2015	57	Bachelor's degree in Computer Tokyo Computer, Japan	None	None	<b>Aeon Group</b>		
					2015 - Present	Senior Executive Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					<b>Other listed company</b>		
					None		
					<b>Other non-listed company</b>		
					2010 - 2015	Senior Vice President	Corporate Planning & Support/Summit Capital Leasing Co., Ltd./Leasing

Name – Surname	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationship with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Mr. Tawatchai Peechapat Senior Executive Vice President - I.T. Department - Appointed effective on 1 April 2018	52	Bachelor of Science (Applied Statistics) King Mongkut's Institute of Technology Chaokhunthaharn Ladkrabang Campus	None	None	<b>Aeon Group</b>		
					2004 – 2006	Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					2006 – 2015	Senior Executive Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					2018 - Present	Senior Executive Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					<b>Other listed company</b>		
					2015 - 2017	Senior Vice President	Bank of Ayudhya / Bank
					<b>Other non-listed company</b>		
					2017 - 2018	Partner	J Ventures Co., Ltd. / Software development and investment
Mrs. Chittiporn Inoue Senior Executive Vice President Customer Service Department - Appointed effective on 27 August 2020	47	Master of Business Adminisyrative Management (MBA) Srinakharinwirot University	None	None	<b>Aeon Group</b>		
					2016 – 2017	Vice President	System Development Department / AEONTS / Retail Finance
					2017 – 2018	Vice President	System Planning Section, IT Department / AEONTS / Retail Finance
					2018 – 2020	Executive Vice President	System Planning Department / AEONTS / Retail Finance
					2020 – Present	Senior Executive Vice President	Customer Service Department / AEONTS / Retail Finance
					<b>Other listed company</b>		
					None		
					<b>Other non-listed company</b>		
					None		

Name – Surname	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationship with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Mr. Siraphop Chaisaharuek <sup>6</sup> Senior Executive Vice President - Digital Marketing Department - Appointed effective on 1 March 2021	55	Master of Business Administration University of Southern California, USA	None	None	<b>Aeon Group</b>		
					February 2017 - August 2020	Executive Vice President	Business Development, Marketing Department/ AEON Thana Sinsap (Thailand) PLC / Retail Finance.
					September 2020 – February 2021	Executive Vice President	Digital Marketing Department/ AEON Thana Sinsap (Thailand) PLC / Retail Finance.
					March 2021 - Present	Senior Executive Vice President	Digital Strategy Business Line (Digital Marketing Department & Customer Behavior Analysis Department)/ AEON Thana Sinsap (Thailand) PLC / Retail Finance
					<b>Other listed company</b>		
					None		
					<b>Other non-listed company</b>		
					None		
Ms. Nadanong Chompong <sup>7</sup> Senior Executive Vice President - Legal Office - Appointed effective on 1 September 2021	42	LL.M. (Master of Laws) University of Manchester, UK	0.00004	None	<b>Aeon Group</b>		
					March 2013 - February 2016	Vice President	AEON Thana Sinsap (Thailand) Public Company Limited.
					March 2016 - August 2021	Executive Vice President	AEON Thana Sinsap (Thailand) Public Company Limited.
					September 2021 - Present	Senior Executive Vice President	AEON Thana Sinsap (Thailand) Public Company Limited.
					<b>Other listed company</b>		
					None		
					<b>Other non-listed company</b>		
					None		

Name – Surname	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationship with Directors and Executives	Working Experience for the last 5 years		
					Time Period	Position	Organization/Company/Type of business
Mr. Alongkorn Sattabusaya <sup>8</sup> Senior Executive Vice President - Corporate Governance and Control - Appointed effective on 1 February 2022	52	Master Degree of Finance, The university of Sydney, Australia	None	None	<b>Aeon Group</b>		
					Jan 2015 - present	Director	ACS Servicing (Thailand) Co., Ltd. / Collection and legal services business.
					<b>Other listed company</b>		
					None		
					<b>Other non-listed company</b>		
					None		

**Note:**

<sup>1</sup>The authorized signatory of the Company is Mr. Mitsugu Tamai or Mr. Tsutomu Omodera or Mrs. Suporn Wattanavekin with affixing the Company's seal. There is no family relationship between each director and the management.

<sup>2</sup> Mr. Mitsugu Tamai was appointed as the Chairman of the Board on June 24, 2021.

<sup>3</sup> Mr. Junichi Iwakami was appointed as the director on June 24, 2021.

<sup>4</sup> Dr. Sucharit Koontanakulvong was appointed as the Chairman of Audit Committee on June 24, 2021.

<sup>5</sup> Mr. Ittinant Suwanjutha was appointed as the independent director and audit committee on June 24, 2021.

<sup>6</sup> Mr. Siraphop Chaisaharuek was appointed as the Senior Executive Vice President of Digital Marketing Department with effect from March 1, 2021.

<sup>7</sup> Ms. Nananong Chompong was appointed as the Senior Executive Vice President of Legal Office with effect from September 1, 2021.

<sup>8</sup> Mr. Alongkorn Sattabusaya was appointed as the Senior Executive Vice President of Corporate Governance and Control with effect from February 1, 2022.



**Head of Accounting**

Name-Surname Position	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationship with Directors and Executives	Working Experience for the last 5 years		
					Time-Period	Position	Organization/Company/Type of business
Mr. Sitthipong Kanaraksunti Head of Accounting (Chief Accountant) - Appointed effective on 1 October 2018	50	Master Degree in Accounting, Thammasat University	None	None	<b>Aeon Group</b>		
		June 2016 - Sep 2018			Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		Oct 2018 - Present			Head of Accounting (Chief Account)	AEON Thana Sinsap (Thailand) PLC / Retail Finance	
		<b>Other listed company</b>					
		None					
		<b>Other non-listed company</b>					
		2013 – May 2016			Manager	Isuzu Motors International Operation (Thailand) Co.,Ltd.	
		<b>Training/Seminar</b>					
		- Digitalization and challenge to accountant 4.0 - Understanding TFRS for security analytic - Get ready for Robotic Process Automation(RPA) for digital accountant - Financial statement analysis - Tax accounting for accurate closing of accounts - Knowledgeable of Corruption					

**Company Secretary**

Name-Surname Position	Age (Years)	Education Background	Shareholding (%) (28/02/22)	Family Relationship with Directors and Executives	Working Experience for the last 5 years		
					Time-Period	Position	Organization/Company/Type of business
Ms. Supanee Asawasuwan Senior Executive Vice President (Company Secretary) - Appointed effective on 21 September 2009	54	- Master of Business Administration Eastern Michigan University - Bachelor Degree of Accounting Assumption University - Certified Public Accountant (CPA)	0.0025	None	<b>Aeon Group</b>		
					2005 – 2009	Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					2009 – Present	Senior Executive Vice President	AEON Thana Sinsap (Thailand) PLC / Retail Finance
					2020 – April2022	Director	ACS Trading Vietnam Co., Ltd / Retail Finance
		<b>Other listed company</b>					
		None					
		<b>Other non-listed company</b>					
					1997 - 2001	Senior Analyst	The Stock Exchange of Thailand

The position information of Directors, Managements and Managerial Authorities of the company, subsidiaries and affiliated companies as of February 28, 2022

	Mr. Mitsugu Tamai	Mr. Tsutomu Omodera	Mrs. Suporn Wattanavekin	Mr. Nuntawat Chotvijit	Ms. Suriporn Thamwattid	Mr. Kazumasa Oshima	Mr. Junichi Iwakami	Mr. Chatchaval Jiaravanon	Dr. Sucharit Koontanakulvong	Dr. Mongkon Laoworapong	Mr. Ittinant Suwanjutha	Mr. Ryuichi Hasuo	Mr. Wichasorn Suwannakindra	Mr. Alongkorn Sattabusaya
AEON Financial Service Co., Ltd. / Japan	//													
ACS Capital Corporation Limited / Thailand						X/								
AEON Holdings (Thailand) Co., Ltd. / Thailand														
<b><u>Domestic Subsidiaries</u></b>														
ATS Rabbit Special Purpose Vehicle Company Limited				/		/								
ACSI (Thailand) Co., Ltd.														
ACS Servicing (Thailand) Co., Ltd.		X//			/								/	//
<b><u>International Subsidiaries</u></b>														
AEON Specialized Bank (Cambodia) PLC		X												
AEON Microfinance (Myanmar) Company Limited				X		/								
AEON Leasing Service (Lao) Company Limited				X/										
<b><u>Other Related Companies</u></b>														
AEON (Thailand) Co., Ltd.														
PT. AEON Credit Service Indonesia														
Rabbit Cash Compny Limited		/												

**Note:**

- / = Director  
X = Chairman of the Board  
// = Executive Director

**Attachment 2****Details of the directors of subsidiaries as of February 28, 2022.**

No.	Directors	Subsidiaries					
		ATS Rabbit Special Purpose Vehicle Co., Ltd.	AEON Specialized Bank (Cambodia) Plc.	ACSI (Thailand) Co., Ltd.	ACS Servicing (Thailand) Co., Ltd.	AEON Microfinance (Myanmar) Co., Ltd.	AEON Leasing Service (Lao) Co., Ltd.
1	Mr. Tsutomu Omodera		X/		X//		
2	Mr. Nuntawat Chotvijit	/				X/	X/
3	Ms. Suriporn Thammawatid				/		
4	Mr. Kazumasa Oshima	/				/	
5	Mr. Taketo Ando		//				
6	Mr. Junji Noda		//				
7	Mr. Om Sengbora		/				
8	Mrs. Khieu Mealy		/				
9	Mr. Jun Kuroda		/				
10	Mr. Sakarabhop Dhivarakara			X//	/		
11	Mrs. Jiraporn Kongcharoenwanich			/	//		
12	Mr. Alongkorn Sattabusaya				//		
13	Ms. Pawinee Polpiya				//		
14	Ms. Naomi Mikuni					//	
15	Mr. Tsuyoshi Maeda					//	
16	Mr. Ryuma Tazume					/	
17	Mr. Kunio Kawamura						//
18	Mr. Yoshiaki Takahashi						//
19	Mr. Witchasorn Suwannakindra				/		

## Note

- / = Director  
 X = Chairman of the Board  
 // = Executive Director



**Attachment 4****Assets for business undertaking and details of asset appraisal**

-None-

**Attachment 5****Unabridged policy and guidelines on corporate governance and unabridged code of business conduct prepared by the Company in the following matters:**

- (1) Selection and determination of remunerations for directors and executives, independence of the Board of Directors from the Management, director development and evaluation of duty performance of directors including supervision of subsidiaries and associated companies

The details shown on report on key operating results on corporate governance topic (see page 136)

- (2) Protection of shareholders, fair and equitable treatment of shareholders, promotion of exercising of the shareholders' rights, prevention of the use of inside information, prevention of conflicts of interest, responsibility towards stakeholders, compensation in case of right violation, anti-corruption actions, and measures imposed on violators of the policy and guidelines;

The details shown on corporate governance policy topic (see page 102)

- (3) Code of business conduct (if any)

The details shown on Business Ethics topic (see page 113)

**Attachment 6****The Audit Committee Report****To Shareholders of AEON Thana Sinsap (Thailand) Public Company Limited**

The Audit Committee consists of three independent directors who possess all the required qualifications according to the Securities and Exchange Commission's regulations of Thailand. The Audit Committee had completely performed the duties and responsibilities, as assigned by the Board of Directors, including the review of the financial statements, internal control system, internal auditing, risk management and compliance with applicable laws and regulations which are defined in the Audit Committee's Charter and complied with the Securities and Exchange Commission's regulations and the Notification of the Stock Exchange of Thailand.

For the fiscal year ended February 28, 2022, eight Audit Committee meetings were held. All three Audit Committee members attended in eight meetings. In the meetings, the management, executives, external auditors and internal auditors had attended when appropriate.

The meetings had considered and discussed financial statements presentation as well as reliability, correctness, completeness and disclosure of the Company's quarterly financial statements, the annual financial statements and the consolidated financial statements as well as any changes to and new accounting standards. The Audit Committee agreed with the external auditors that the Company's financial statements and its consolidated financial statements and subsidiaries were correctly and completely presented and disclosed in accordance with Thai Financial Reporting Standards.

In addition, the meetings had considered and recommended the transactions with related parties which may result in a conflict of interest and their disclosure to comply with the regulations of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC). The Audit Committee had also reviewed the Company's operation with regard to compliance with relevant laws and regulations relating to the Company's business. The Audit Committee had also considered and approved the annual plan of the Internal Audit Department as well as reviewed the operation information and the internal control system, to evaluate the sufficiency, appropriateness and effectiveness of the internal control system to achieve business goal, by reviewing the internal control system together with the internal auditors.

The Audit Committee had considered the appointment of external auditors and their remuneration based on their professional competency, past performance with knowledge, audit fee and their independent status. For the fiscal year ended February 28, 2023, the Audit Committee selected and proposed Mrs. Nisakorn Songmanee, Certified Public Accountant Registration No. 5035, Mr. Chavala Tienpasertkij, Certified Public Accountant Registration No.4301, and Mr. Yongyuth Lertsurapibul, Certified Public Accountant Registration No.6770 as the Company's external auditors to the Board of Directors for further approval from the Annual General Meeting of Shareholders.

Audit Committee was of the opinion that for fiscal year ended February 28, 2022, the Company accurately and adequately disclosed financial and operation information, had appropriate and effectiveness internal control and internal audit, complied with laws and regulations, disclosed the transactions with related parties correctly, and performed duties in compliance with the Good Corporate Governance principles, with adequacy, transparency and reliability.

(Dr. Sucharit Koontanakulvong)

Chairman of the Audit Committee

**Attachment 7****Report of the Board of Director's Responsibilities for the Financial Statements**

The Board of Director is responsible for the Company's financial statements and the consolidated financial statements that are disclosed in the Annual Report. The financial statements for the year ended February 28, 2022 have been prepared in accordance with Thai Financial Reporting Standards with appropriate accounting policies applied on a conservative and consistent basis. Judgment and estimates were made with reasonable considerations, and adequate disclosures have been made in the notes to the financial statements. Moreover, these financial statements have been audited by Deloitte Touche Tohmatsu Jaiyos Co., Ltd, which is independent certified auditor who had given their unqualified opinions.

The Board of Director has also adopted appropriate and effective systems of risk management. In this regard, the Board of Directors has appointed an Audit Committee, which comprises three independent directors who are responsible for reviewing the quality of financial reporting, the internal control systems as well as complete and appropriate disclosure of connected transactions. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee which is presented in this 56-1 One Report.

The Board of Director has opinion that the overall internal control system of the Company is adequate and appropriate and can reasonably assure the reliability of the Company's financial statements and the consolidated financial statements for the year ended February 28, 2022.

Mr. Tsutomu Omodera  
Vice Chairman of the Board and Managing Director



**Attachment 8**

**Internal Control Assessment Questionnaire**

**AEON Thana Sinsap (Thailand) Public Company Limited**

**28 February 2022**

## Internal Control Assessment Questionnaire

### Conceptual and Objectives

Proper Internal Control system is vital to listed companies as it shall prevent, manage and mitigate risk and loss that could impact the companies and their stakeholders. Therefore, Board of Directors is accountable to oversee that the company have implemented proper internal control system that is sufficient to govern and direct the company to achieve its missions and goals while complying with laws and regulations. Besides, the internal control system should also prevent the company from fraud and physical damage and ensure correct accounting and financial reporting.

The Securities Exchange Commission (SEC), coordinated with the Price Waterhouse Cooper (Thailand), had developed this Internal Control Assessment Questionnaire as a tool for listed companies for their self-assessment.

The questionnaire adopted the internal control concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which was revised on May 2013 and was adjusted to be applicable to Thai listed company. The questionnaire is constructed in 5 key areas including Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities. Besides, aforementioned key areas were extended to 17 principals in order to clearly explain and better understand on each key area.

### Use of Questionnaire

The companies should apply this questionnaire as guidance for internal control assessment at least annually and may reassess in case of unexpected event which may impact its operations significantly. The assessment should be reviewed by the Audit Committee and the Board in order to lead to discussion about proper improvement of internal control system.

The assessment should be based on execution of the control. If the assessment reflects insufficient control in some areas, the company should provide with rationale and improvement method.

## Control Environment

### 1. The organization demonstrates a commitment to integrity and ethical value.

Question	Yes	No
<p>1.1 Board of Directors and senior management articulate and demonstrate the importance of integrity and ethical values across the organization. The various forms and mechanisms may include:</p> <p>1.1.1 Day-to-day actions and decision making at all levels of the organization that are consistent with the expected standards of conduct.</p> <p>1.1.2 Interactions with suppliers, customers, and other external parties.</p>	✓	
<p>1.2 Practice of integrity and ethics is in place which may include:</p> <p>1.2.1 Appropriate code of conduct for all employees</p> <p>1.2.2 Prohibition of conflict of interest and corruption</p> <p>1.2.3 Penalty when employee action deviates from the standard code of conduct</p> <p>1.2.4 Communicate the standard code of conducts and penalty when its violated to all level of employees and external parties for adherence.</p>	✓	
<p>1.3 A process of ongoing and separate evaluation of Code of Conduct is in place including;</p> <p>1.3.1 Ongoing and separated evaluation by Internal Audit Unit or Compliance Unit</p> <p>1.3.2 Employees self-evaluation</p> <p>1.3.3 Separate evaluation by independent and external experts</p>	✓	
<p>1.4 Deviations of the expected standard code of conduct are identified and remedied in a timely and consistent manner.</p> <p>1.4.1 Having a process to investigate deviations of the expected standard code of conduct.</p> <p>1.4.2 Having a process to penalize and conduct an appropriate action taken in timely basis.</p> <p>1.4.3 The corrective action should be taken in consistent and timely basis.</p>	✓	

**2. The Board of Directors is independent from the management and is accountable for an oversight of the development and performance of internal control.**

Question	Yes	No
2.1 The board of directors demonstrate independence from management by their roles and responsibilities. The board must therefore retain objectivity in relation to management.	✓	
2.2 The board of directors oversee the business objectives to ensure that they are clearly defined and measurable to be a guidance for management and other employees.	✓	
2.3 The board of directors oversee the clear line of roles and responsibilities of the board committees and senior management and compliance with law and regulations. This includes the roles and responsibilities of audit committee, external auditors, internal auditors and the person with responsibility for financial reporting.	✓	
2.4 The director is competent and has expertise in business or ability to request for the experts when needed.	✓	
2.5 The board of directors consists of sufficient number of independent directors who are knowledgeable and independent.	✓	
2.6 The board of directors oversee the development and execution of internal control system including control environment, risk assessment, control activities, information and communication, and monitoring activities	✓	

**3. With the board oversight, Management establishes structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.**

Question	Yes	No
3.1 Management establish organization structure which support the organization's goal, which taking into account business, regulation, and effective internal control system e.g. Segregation of duties, the direct reporting line of internal audit to the Audit Committee, clear reporting line etc.	✓	
3.2 Senior management define reporting line which considered appropriate accountabilities, responsibilities and communication channel.	✓	
3.3 Clear and appropriate authority delegation of authority among the board of directors, senior management, management and staff is in place.	✓	

**4. The organization demonstrates a commitment to attract, develop, and retain competent individuals.**

Question	Yes	No
4.1 Policies and practice to attract, develop, and retain competent individuals is in place and is reviewed regularly.	✓	
4.2 The organization has processes of performance evaluation, incentive, reward and penalty. The processes are communicated to all level of management and employees.	✓	
4.3 The organization has a procedure to handle insufficiency of competent staff properly	✓	
4.4 The organization has a human resource management process of recruiting, development, mentoring, coaching, retaining for all level of management and employees	✓	
4.5 The organization has the appropriate succession plan	✓	

**5. The organization assigns roles and responsibility of internal control in the pursuit of objectives.**

Question	Yes	No
5.1 The board of directors and management establish the mechanisms to communicate and enforce accountability for performance of internal control responsibilities across organization and implement corrective action as necessary.	✓	
5.2 The board of directors and management establish proper performance evaluation, incentives, and rewarding system taking into account code of conduct, short-term and long-term business objectives.	✓	
5.3 The board of directors and management align incentives and rewards with the fulfillment of internal control responsibilities in the achievement of objectives.	✓	
5.4 The board of directors and management evaluate and adjust pressures associated with the achievement of objectives as they assign responsibilities.	✓	

## Risk Assessment

- 6. Organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.**

Question	Yes	No
6.1 The organization complies with the Generally Accepted Accounting Principles (GAAP) that are appropriate for its business and ensures the existence, completeness, rights and obligation, and valuation.	✓	
6.2 The organization defines financial materiality by assessing factors such as stakeholders, transaction size, and business trends	✓	
6.3 The organization's financial statements reflect actual operational activities.	✓	
6.4 The board of directors or the Risk Management Committee approves and communicates risk management policies to management and employees as part of the organization culture.	✓	

- 7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as basis for determining how the risks should be managed.**

Question	Yes	No
7.1 The organization identifies comprehensive risk that may affect the operational activities at corporate level, entity level, unit level, and functional level.	✓	
7.2 The organization assess comprehensive risk that may result from internal and external factors, including strategic risk, operational risk, reporting risk, compliance risk, and IT risk.	✓	
7.3 Management of all level participates in risk management	✓	
7.4 The organization prioritize risk through frequency and impact assessment	✓	
7.5 The organization has measures and plans to manage risk through risk acceptance, risk reduction, risk avoidance, or risk sharing.	✓	

- 8. The organization considers the potential for fraud in assessment risks to the achievement of objectives.**

Question	Yes	No
8.1 The organization assess fraud risk resulting from falsify reporting, financial loss, corruption, management override of internal controls, misrepresentation of material reports, or embezzlement.	✓	
8.2 The organization reviews its performance measurements through achievement likelihood assessment and reviews incentive program to ensure that it does not encourage misconduct such as unrealistic target to encourage misrepresentation.	✓	
8.3 Audit Committee reviews and inquires management regarding fraud likelihood and fraud preventive and corrective measures.	✓	
8.4 The organization communicates to its employees to ensure that they understand and comply with policies and guidelines.	✓	

- 9. The organization identifies and assesses changes that could significantly impact the system of internal control.**

Question	Yes	No
9.1 The organization assess external changes that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	✓	
9.2 The organization assess changes in business operation that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	✓	
9.3 The organization assess changes in organization leaders that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	✓	

## Control Activities

- 10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.**

Question	Yes	No
10.1 The organization's control measures are appropriate with its organization specific risks such as environmental, operational complexity, functional, operational boundary, and other specifics.	✓	
10.2 The organization has written internal control measures that appropriately covers its activities such as policies and procedures relating to the financial transactions, procurement process and other administrations which includes roles and responsibilities, and clearly indicate level of authority to prevent fraud such as the determination of authority level of the management in each level, capital expenditures approval process, procurement and vendor selection process, transactional recording, approval process, requisition and disbursement process etc. by arranging the processes for the following cases 10.2.1 Collect and regularly update information on major shareholders, Directors, Management, and their related parties to assist in monitoring and reviewing related party transactions or conflict of interest transactions. 10.2.2 In case the organization approves or enters into long-term contract with related party, the organization monitors to ensure compliance throughout the contract duration.	✓	
10.3 Control activities include a range and variety of controls and may include a balance of approaches to mitigate risk, considering both manual and automated controls, and preventive and detective controls.	✓	
10.4 Management considers control activities at various levels in the entity.	✓	
10.5 The organization segregates the following duties: (1) approval (2) data entry (3) custodial	✓	

- 11. The organization selects and develops general control activities over technology to support the achievement of objectives.**

Question	Yes	No
11.1 The organization should determines the dependency and linkage between business processes and technology general controls.	✓	
11.2 The organization should have a proper control on IT infrastructure.	✓	
11.3 The organization should have a proper IT security system.	✓	
11.4 The organization should have a proper control on acquisition, development and maintenance of IT system.	✓	



**12. The organization deploys control activities through policies that establish what is expected and in procedure that put policies into action.**

Question	Yes	No
12.1 The organization has a policy that prevents major shareholders, directors, management from trading based on inside information by using approval process guided by regulators.	✓	
12.2 The organization has a policy indicated that transaction approval process has to be executed by an independent without conflict of interest.	✓	
12.3 The organization has a policy indicated that transaction approval processes are based on arm's length principle.	✓	
12.4 The organization has a process to monitor performance and provide directions to its subsidiaries.	✓	
12.5 The organization defines roles and responsibilities for its management and employees to carry out policies and processes.	✓	
12.6 The policies and processes are implemented within the proper time frame by the competent personnel including the comprehensiveness of the incident management process	✓	
12.7 The organization reviews the appropriateness of its policies and processes regularly.	✓	

## Information & Communication

**13. The organization obtains or generates and users relevant, quality information to support the functioning of other components of internal control.**

Question	Yes	No
13.1 A process is in place to identify quality and relevance internal and external information required to achieve the objectives.	✓	
13.2 Information usage costs and benefits are considered. The consideration should include quantity and correctness of information.	✓	
13.3 The board of directors has material information sufficiently to make decision. The information may include detail of the agenda, reason, impact to the organization and optional solution.	✓	
13.4 The organization has processes to schedule the board meeting and provide necessary and sufficient supporting information before a specific time as the requirement by laws or regulation.	✓	
13.5 The organization should document sufficient information in the board of directors' minutes of meeting to ensure appropriateness of directors duties, for examples, memo probing the question to management, comments and reason of disagreement	✓	
13.6 The organization has proper  13.6.1 Document retention process to ensure completeness and filing of all important document.  13.6.2 Control decencies and corrective action report from both external and internal auditors.	✓	

**14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of other components internal control.**

Question	Yes	No
14.1 The organization effectively communicates relevant and timely information regarding internal control and provides appropriate communications channels.	✓	
14.2 The organization reports material information to the board of directors consistently.  Otherwise, the board of directors is enabled to access necessary information regards of their duties or reviews transaction i.e. the directors allows to request information from assigned a contact person, external auditors, internal auditors and they can request for the board meeting and other meeting between directors and senior managements.	✓	
14.3 The organization provides separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication from internal parties.	✓	

**15. The organization communicates with external parties regarding matters affecting the functioning of other components of internal control.**

Question	Yes	No
15.1 The organization effectively communicates relevant and timely information regarding internal control to external parties and provides appropriate communications channels i.e. investor relation and customer complain hotline.	✓	
15.2 The organization provides separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication from external parties.	✓	

### Monitoring Activities

**16. The organization selects, develops, and performs ongoing and/ or separate evaluations to ascertain whether the components of internal control are present and functioning.**

Question	Yes	No
16.1 The organization develop the code of ethics and establish conflict of interests ongoing evaluation process i.e. employees perform self-evaluation and report to their supervisor and the internal auditors performs auditing and report to audit committee.	✓	
16.2 Has internal evaluation this may perform by employees' self-evaluation or using internal audit to conduct separate evaluation.	✓	
16.3 Management varies frequency of evaluation depending on changing condition.	✓	
16.4 Evaluators who perform ongoing and separate evaluations have sufficient knowledge to understand what is being evaluated.	✓	
16.5 Internal audit department has direct reporting line to audit committee	✓	
16.6 The organization supports the internal audit activities to comply with International Standards for the Professional Practice of Internal Auditing, IIA.	✓	

**17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.**

Question	Yes	No
17.1 The organization evaluates and communicates material internal control deficiencies in a timely manner to those parties responsible for taking corrective action	✓	
17.2 The organization develop policies for reporting the control deficiency including:  17.2.1 Management report the facts and circumstances of significant fraudulent act, illegal acts and the other circumstance that impact over reputation and financial reporting to Board of Directors in a timely basis.  17.2.2 Report significant control deficiency and propose its corrective action to the board of directors/ audit committee.  17.2.3 Report status of remediation plan or corrective action to board of directors/ audit committee.	✓	