



The Practical Solution Public Company Limited

# 56-1 ONE REPORT 2020

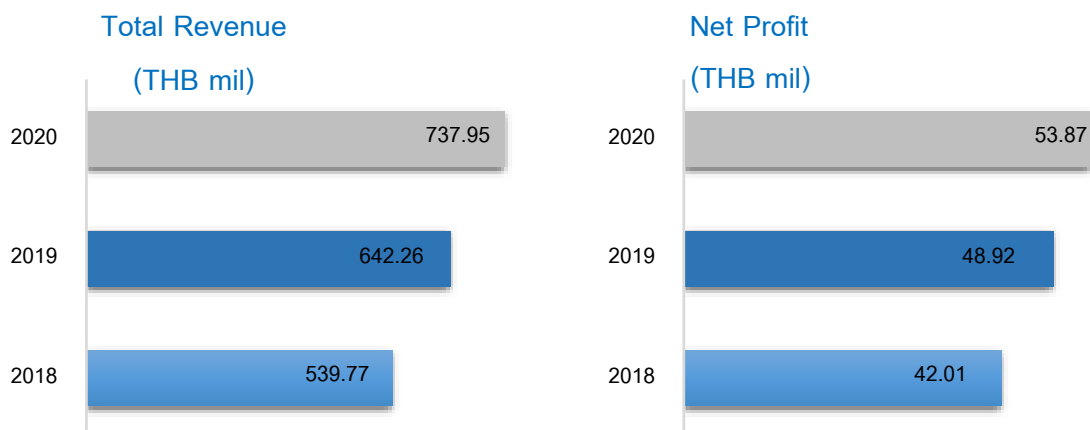
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The Practical Solution Public Company Limited

# Table of Contents

	Page
<b>Part 1</b>	<b>Business Operations and Results</b>
	6
	14
	60
	73
	86
	102
<b>Part 2</b>	<b>Corporate Governance</b>
	104
	104
	115
	154
	157
<b>Part 3</b>	<b>Financial Status and Performance Results</b>
	176
<b>Part 4</b>	<b>Certification of the Correctness of Information</b>
	237
<b>Attachment</b>	
Attachment 1	Details of Directors Management and Authority of the Company
	238
	Assigned to the Highest Responsibility in the Accounting and Finance Department
	Assigned to be directly Responsible for the Supervision of Bookkeeping
	Company Secretary and Coordination Representative with Foreign Company
Attachment 2	Details of the Directors of the Subsidiary Company
	249
Attachment 3	Details of the Internal Audit Supervisor and the Company's Compliance Supervisor
	250
Attachment 4	Assets in Business and Details about the Appraisal of Assets
	251
Attachment 5	Full Version of Corporate Governance Policy and Practice and
	the Full Business Ethics the Company Prepared
	253
Attachment 6	Report of the Audit Committee
	267

## Financial Highlights



(Unit : THB mil)

Financial Highlights	2020*	2019	2018
<b>Financial Position</b>			
Total Assets	615.62	631.61	380.56
Total Liabilities	235.93	251.77	196.01
Total Shareholder's Equity	379.70	379.84	184.55
<b>Performance</b>			
Total Revenues	737.95	642.26	539.77
Total Expense	669.20	580.63	485.74
Net Profits	53.87	48.92	42.01
<b>Financial Ratio</b>			
Gross Profit Margin (%)	29.45%	30.99%	31.33%
Net Profit Margin (%)	7.30%	7.62%	7.78%
Return on Equity (%)	14.19%	17.34%	23.87%
Earnings per Share (Baht/Share)	0.19	0.23**	0.21**
Debt to Equity Ratio (Time)	0.62	0.66	1.06
Book Value per Share (Baht/Share)	1.36	1.79**	0.94**

\* The consolidated financial statements because the joint venture has been established With The Practical Superb Solution Co., Ltd. on July 3, 2020 and The Win Telecom Co., Ltd. on November 16, 2020

\*\*We adjusted the weighted average number of shares issued during the year and the number of common shares in proportion to the par value of 0.50 baht per share

## Message from Chairman & Chief Executive Officer



Mr. Anocha Wongrungrroj  
Chairman of the Board of Directors

**“ The COVID-19 crisis has  
accelerated many business sectors  
to adopt advanced  
technology toward  
Digital Transformation**



Mr. Bunsom Kitkasetsathaporn  
Chief Executive Officer

The year 2020 has been an unprecedented, phenomenal year and one of the most challenging years for executives and employees alike, not only in Thailand but all over the world. We were all hard hit by the coronavirus (COVID-19) pandemic and the negative impact. The workplace & workforce of the public and private sectors need to adjust in accordance to the 'new normal' way of life, including the 'work from home' practice to keep social distance, as such reducing risks on employees. Amid concerns, uncertainty, etc. we still have to be resilient, productive and look out for innovative potential and opportunities to generate revenue and increase profits.

In every crisis we always search for opportunities. This crisis is much more severe but Practical Solution Public Company Limited (TPS) employees have tried harder to optimize the opportunities. We have helped offer technology to support customers to work efficiently under this difficult situation such as video conferencing system, computer network security system, service provision through cloud computing technology (cloud computing-web desktop), among others. TPS has gained more experience from new technology-related projects in catering to customers' needs such as the video conference procurement project for a hospital, the Internet security system improvement project of the National Anti-Corruption Commission, the virtual desktop infrastructure (VDI) procurement project of the Pharmaceutical Organization of Thailand, and more.

In addition, TPS has organized seminars with Cisco Systems Co., Ltd. (Thailand) on IoT solutions, a technology that helps boost management efficiency in production, enabling customers to realize their production capacity immediately so as to plan their business in accordance with the market demand in different periods. We treasure our current clients with the chance of expanding and working with new customer groups. In search of excellence, in 2020, TPS received a Top Recurring Offer Partner of the Year 2020 award at the Cisco Thailand Partner Appreciation Event 2021, an award given by Cisco to the partner with the highest number of active customers in the financial year 2020.

TPS's team of executives and employees is committed and dedicated to providing the best and most practical IT solutions to customers and achieving better performance. In 2020, TPS managed to increase better-than-expected revenue and profits.

On behalf of the Board of Directors of the Practical Solution Public Company Limited, we would like to thank shareholders, customers, business partners, alliances, financial institutions, management and staff, inclusive of all stakeholders for all the support and trust for the Company, leading toward good operating results in the past year. We are committed to sustainable business progress, realizing the value of support from all of you now and in the future.



**Mr. Anocha Wongrungrroj**  
Chairman of the Board of Directors



**Mr. Bunsom Kitkasetsathaporn**  
Chief Executive Officer

# Part 1

## Business operations and results Group Structure and Operation

### Directors and Management



#### Mr. Anocha Wongrunroj

Chairman of the Board of Directors / Independent Director / Member of Nomination and Remuneration Committee

Age 52

#### Educational Background

: Master of Computer Engineering Management, Assumption University

: Bachelor of Electrical Engineering, King Mongkut's Institute of Technology  
Ladkrabang

#### Personal Relationship with the Management

: None

#### Illegal record in the past

: None

#### % Shareholding (as of 15 January 2021)

: 0.09% (250,000 shares)

#### Training Record

: Director Certification Program (DAP) 157/2019

: Advanced Audit Committee Program (AACP) 32/2019

#### Work Experience for the past 5 years

: 2019 - Present Executive Chairman, WOR. RUNGROJ 2019 LIMITED PARTNERSHIP

: 2007 – Present Executive Chairman, Binary Tec Co., Ltd.

: 2005 – Present Executive Chairman, RUNG ROJN PATANA LIMITED PARTNERSHIP

: 2003 – Present Executive Chairman, Code Label Co., Ltd.

: 1998 – Present Managing Director Thaisquare Center LP.



**Mr. Bunsom Kitkasetsathaporn**

Director / Executive Chairman / Chief Executive Officer

Age 53

**Educational Background**

: MBA, National Institute of Development Administration (NIDA)

: Bachelor of Science, King Mongkut's University of Technology Thonburi

**Personal Relationship with the Management**

: Husband of Mrs.Jarunya Kitkasetsathaporn

**Illegal record in the past**

: None

**% Shareholding** (as of 15 January 2021)

: 37.68 % (105,500,000 shares)

**Training Record**

: Director Certification Program (DAP) 130/2016

**Work Experience for the past 5 years**

: 2006 – Present Chief Executive Officer, The Practical Solution Public Company Limited



**Mr. Matee Witawasiri**

Director / Executive Director / Executive Vice President, Operations

Age 45

**Educational Background**

: MBA, Kasetsart University

: Bachelor of Science, King Mongkut's University of Technology Thonburi

**Personal Relationship with the Management**

: None

**Illegal record in the past**

: None

**% Shareholding** (as of 15 January 2021)

: 10.71% (30,000,000 shares)

**Training Record**

: Director Certification Program (DAP) 131/2016

**Work Experience for the past 5 years**

: 2006 – Present Executive Vice President, Operations, The Practical Solution Public Company Limited





**Ms. Janchay Wetpanya**

Director / Executive Director / Chief Financial Officer

Age 39

**Educational Background**

: MBA (Innovation Management), Ramkhamhaeng University

: Bachelor of Business Administration (Accounting), Ramkhamhaeng University

**Personal Relationship with the Management**

: None

**Illegal record in the past**

: None

**% Shareholding** (as of 15 January 2021)

: 0.82% (2,299,000 shares)

**Training Record**

: Director Certification Program (DAP) 149/2018

**Work Experience for the past 5 years**

: 2006 – Present Chief Financial Officer, The Practical Solution Public Company Limited



**Ms. Aumaporn Sengsui**

Director / Executive Director / Senior Vice President, Sales

Age 41

**Educational Background**

: Bachelor of Business Administration (Marketing), Ramkhamhaeng University

**Personal Relationship with the Management**

: None

**Illegal record in the past**

: None

**% Shareholding** (as of 15 January 2021)

: 2.31 % (6,473,000 shares)

**Training Record**

: Director Certification Program (DAP) 153/2018

**Work Experience for the past 5 years**

: 2006 – Present Senior Vice President, Sales, The Practical Solution Public Company Limited





**Mr. Wuttichai Chartisaranuwat**

Director / Chairman of Audit Committee / Member of the Nomination and Remuneration Committee

Age 50

**Educational Background**

: MBA, National Institute of Development Administration (NIDA)

: Bachelor of Civil Engineering, Rajamangala Institute of Technology

**Personal Relationship with the Management**

: None

**Illegal record in the past**

: None

**% Shareholding** (as of 15 January 2021)

: 0.09% (250,000 shares)

**Training Record**

: Director Certification Program (DAP) 157/2019

: Advanced Audit Committee Program (AACP) 32/2019

**Work Experience for the past 5 years**

: 2004 – Present Vice President, Siam Retail Development Co., Ltd.



**Mrs. Ratchanee Pattanalertphan**

Director / Member of Audit Committee / Chairman of Risk Management Committee

Age 48

**Educational Background**

: MBA, National Institute of Development Administration (NIDA)

: Bachelor of Accounting, University of the Thai Chamber of Commerce

**Personal Relationship with the Management**

: None

**Illegal record in the past**

: None

**% Shareholding** (as of 15 January 2021)

: 0.09% (250,000 shares)

**Training Record**

: Director Certification Program (DAP) 157/2019

: Advanced Audit Committee Program (AACP) 32/2019

**Work Experience for the past 5 years**

: 2014 – Present Vice President, Finance, Bravo Asia Co., Ltd.



### Mr. Than Siripokee

Director Independent Director

Age 60

#### Educational Background

: Master of Housing Development (MH.D), Chulalongkorn University

: Bachelor of Accountancy (B. Acc.), Chulalongkorn University

#### Personal Relationship with the Management

: None

#### Training Record

: Director Certification Program (DAP) 170/2019

#### Illegal record in the past

: None

#### % Shareholding (as of 15 January 2021)

: None

#### Work Experience for the past 5 years

: 2020 – Present Director, Siam Technic Concrete Public Company Limited.

: 2009 – Present Executive Vice President, Business Banking, Bangkok Bank Public Company Limited

: 2019 – Present Director, Toyota Leasing (Thailand) Co., Ltd.

: 2017 – Present Director, Chu Kai Public Company Limited

: 2018 – Present Director / Chairman of the Audit Committee Cube Real Property Co., Ltd.

: 2013 – Present Director of the Audit Committee Suetrong Group Co., Ltd.



### Mr. Preecha Ua-anantathanakul

Director Independent Director

Age 57

#### Educational Background

: Master of Business Administration Program Kasetsart University

: Bachelor of Accounting Program Thammasat University

#### Personal Relationship with the Management

: None

#### Training Record

: Director Certification Program (DAP) 297/2020

#### Illegal record in the past

: None

#### % Shareholding (as of 15 January 2021)

: None

#### Work Experience for the past 5 years

: 2019 – Present Director Small and Medium Enterprise Development Bank of Thailand

: 1996 – Present Director Saeag Thammachot Limited Partner Ship

: 1995 - Present Director Siamtavee Company Limited



**Mrs. Jarunya Kitkasetsathaporn**

Senior Vice President, General Administration

Age 52

**Educational Background**

: MBA, St. John's University

: Bachelor of Nursing Science Kueakarun College of Nursing, Srinakharinwirot University

**Personal Relationship with the Management**

: Wife of Mr. Bunsom Kitkasetsathaporn

**Illegal record in the past**

: None

**% Shareholding (as of 15 January 2021)**

: 5.93% (16,600,00 shares)

**Training Record**

: Director Certification Program (DAP) 166/2019

**Work Experience for the past 5 years**

: 2008 – Present Senior Vice President, General Administration, The Practical Solution Public Company Limited



**Mr. Nuttawut Jantarassittiphol**

Assistant Vice President, Operations

Age 37

**Educational Background**

: Bachelor of Computer Engineering, King Mongkut's Institute of Technology Ladkrabang

**Personal Relationship with the Management**

: None

**Illegal record in the past**

: None

**% Shareholding (as of 15 January 2021)**

: 0.81% (2,273,000 shares)

**Training Record**

: -

**Work Experience for the past 5 years**

: 2006 – Present Assistant Vice President, , The Practical Solution Public Company Limited



**Mrs. Daonapa Sukduang**

Assistant Vice President, Accounting

Age 37

**Educational Background**

: Bachelor of Cost Accounting, Rajamangala University of Technology Phra Nakhon

**Personal Relationship with the Management**

: None

**Illegal record in the past**

: None

**% Shareholding** (as of 15 January 2021)

: 0.07% (200,000 shares)

**Training Record**

: -

**Work Experience for the past 5 years**

: 2015 – Present Assistant Vice President, Accounting, The Practical Solution Public Company Limited



**Ms. Supawadee Thirachat**

Assistant Vice President, Finance

Age 36

**Educational Background**

: Bachelor of Business Administration (Industrial Management), Ramkhamhaeng University

**Personal Relationship with the Management**

: Daughter-in-law of Mr. Bunsom Kitkasetsathaporn and Mrs. Jarunya Kitkasetsathaporn

**Illegal record in the past**

: None

**% Shareholding** (as of 15 January 2021)

: 0.04% (120,000 shares)

**Training Record**

: -

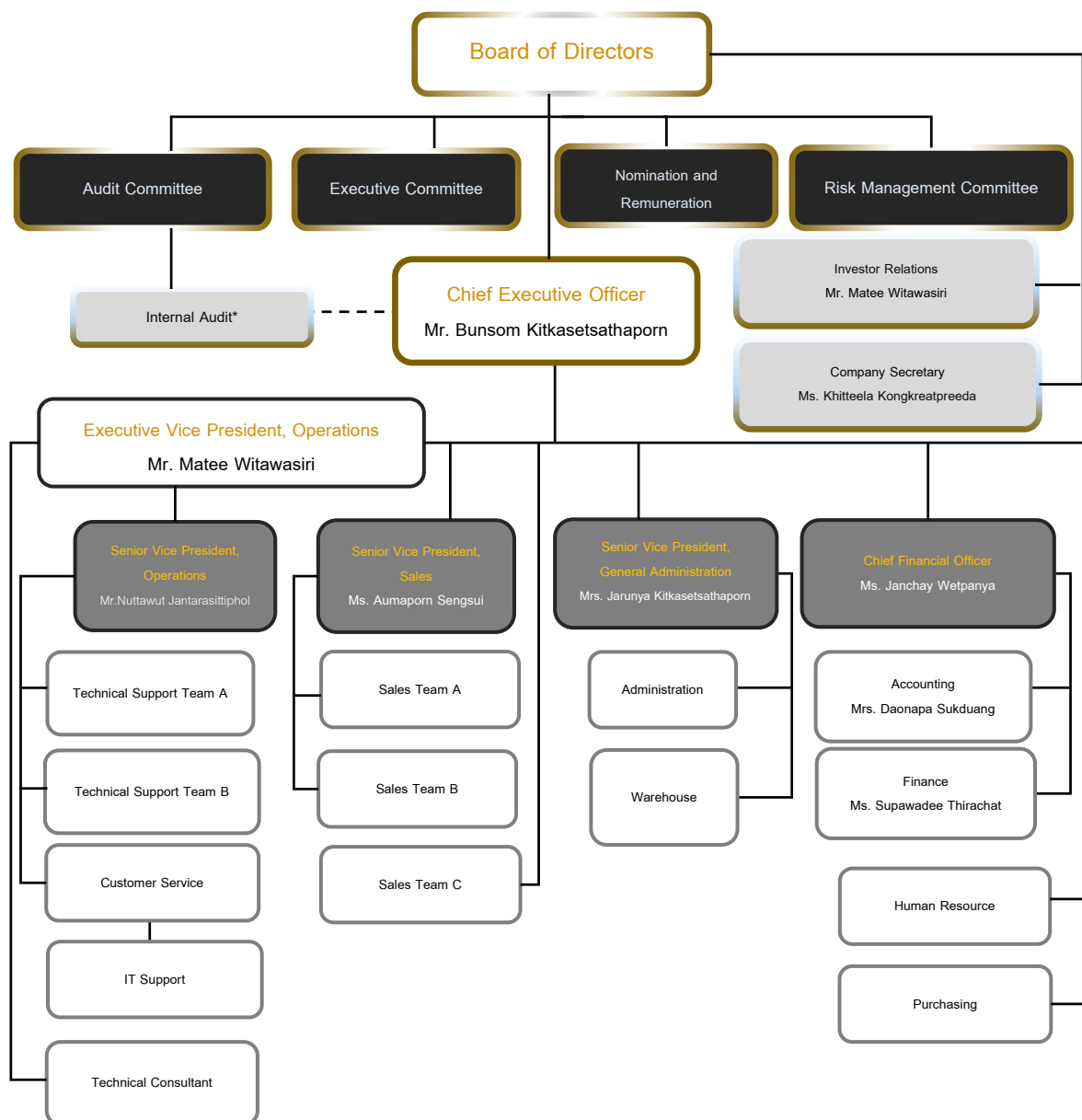
**Work Experience for the past 5 years**

: 2011 – Present Assistant Vice President, Finance, The Practical Solution Public Company Limited

## Report on changes in securities holding of directors and executives for the year 2020

	Name-Last Name	Position	Number of shares held as of Dec 31, 2019	Number of shares held as of Dec 31, 2020	Number of shares changed Increase/ Decrease in 2020	Shareholding Proportion in the Company (%)
1	Mr. Anucha Wongrunroj	Chairman of the BoD / Independent Director / Chairman of the Nomination and Remuneration Committee	250,000.00	250,000.00	-	0.09
	Spouse and underage children		-	-	-	-
2	Mr. Bunsom Kitkasetsathaphon	Director / Chairman of the Executive Committee / CEO /Member of the Nomination and Remuneration Committee	106,400,000.00	105,500,000.00	900,000.00	37.68
	Spouse and underage children		16,400,000.00	16,600,000.00	200,000.00	5.93
3	Mr. Matee Witawasiri	Director / Executive Director / Senior Executive Vice President - Operations / Member of Risk Management Committee	29,400,000.00	30,000,000.00	600,000.00	10.71
	Spouse and underage children		16,150,000.00	16,250,000.00	100,000.00	5.80
4	Ms. Janchay Wetpanya	Director / Executive Director / Executive Vice President - Accounting and Finance	2,299,000.00	2,299,000.00	-	0.82
	Spouse and underage children		-	-	-	-
5	Ms. Aumaporn Sengsui	Director / Executive Director / Executive Vice President - Sales / Risk Management Committee	6,473,000.00	6,473,000.00	-	2.31
	Spouse and underage children		-	-	-	-
6	Mr. Wuttichai Chartisanuwat	Director / Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee	250,000.00	250,000.00	-	0.09
	Spouse and underage children		-	-	-	-
7	Mrs. Ratchanee Pattanalertphan	Director/ Independent Director/ Audit Committee/ Chairman of the Risk Management Committee	250,000.00	250,000.00	-	0.09
	Spouse and underage children		-	-	-	-
8	Mrs. Jarunya Kitkasetsathaphon	Executive Vice President – General Administration	16,400,000.00	16,600,000.00	200,000.00	5.93
	Spouse and underage children		106,400,000.00	105,500,000.00	900,000.00	37.68
9	Mr. Nuttawut Jantasittiphol	Executive Vice President - Operations	2,373,000.00	2,273,000.00	100,000.00	0.81
	Spouse and underage children		-	-	-	-
10	Mrs. Daonapa Sukduang	Assistant Director - Accounting	200,000.00	200,000.00	-	0.07
	Spouse and underage children		-	-	-	-
11	Ms. Supawadee Thirachai	Assistant Director - Finance	120,000.00	120,000.00	-	0.04
	Spouse and underage children		-	-	-	-
12	Mr. Than Siripokee	Director / Independent Director	-	-	-	-
	Spouse and underage children		-	-	-	-
13	Mr. Preecha Ua-anantathanakul	Director / Independent Director	-	-	-	-
	Spouse and underage children		-	-	-	-

## Organization Chart



Remarks: The Company's internal audit is an internal auditor from P&L International Audit Company Limited (Outsourcing). In the future, the Company will consider having its own internal audit.

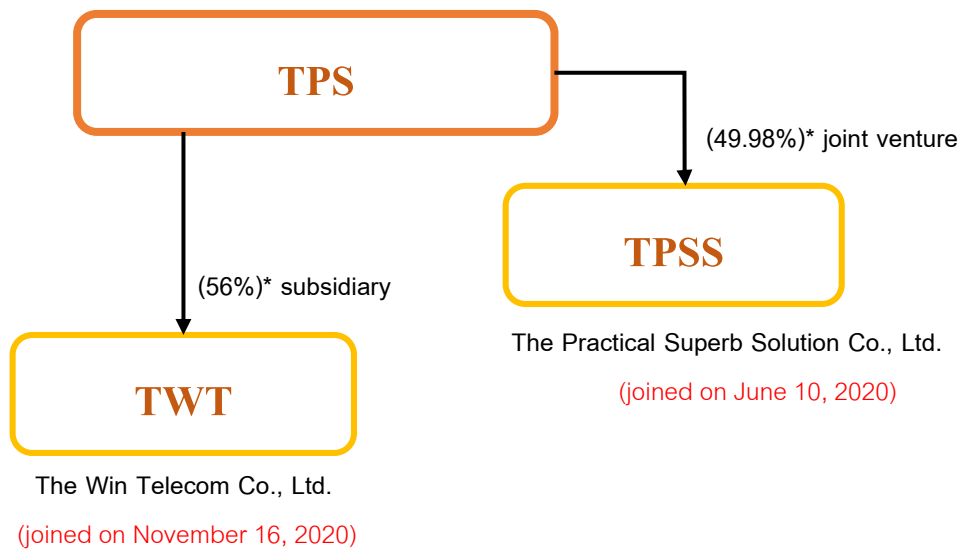
## Shareholding Structure of the TPS Group

The structure of the Company and subsidiary, joint venture is as follows:

Characteristics of the structure of the Company and subsidiary, joint venture (JV)

### Structure of the Company

The Practical Solution Public Company Limited was listed as a public company  
on July 9, 2019



Note. \* = Amount of shares (%) that The Practical Solution PCL holds



## Policy and Business Overview

The Practical Solution Public Company Limited (the “Company” or “TPS”) was established on May 20, 2004 with the initial paid-up registered capital of THB 1 million with the objective to provide consulting, design, procurement, installation and distribution of products and equipment related to information technology systems (Information Technology Solutions Provider: ITP). The Company aims to provide high quality products and services with efficiency, effectiveness and international reputation in order to meet requirements of customers at all levels from small businesses to large companies including private companies, government agencies and state-owned enterprises. In addition, the Company also provides maintenance services and other information technology services.

The Company has been appointed as a business partner with Cisco Systems Inc. (“Cisco Systems: Cisco”), NetApp Inc. (NetApp), Palo Alto Networks Inc. (Palo Alto Networks), Symantec Corporation (Symantec), VMware Inc. (VMware), and Fortinet Inc. (Fortinet), and has been leveled up to Gold Certified Partner by Cisco.



On 28 June, 2019, the Extraordinary General Meeting of Shareholders No. 1/2019 passed a resolution approving the Company to be transformed into a public company, including increasing its registered capital by THB 40 million from THB 100 million to THB 140 million. On 15 November, 2019, the Company was listed on the Market for Alternative Investment (mai) with the initial public offering (IPO) of 80,000,000 shares at the price of 2.50 baht per share, resulting in the Company to have a total paid-up capital of THB 140 million.

The Company has business operations classified into 3 main groups as follows:

### (1) System Integration

The Company provides consulting, design, procurement, installation and distribution of products and equipment related to information technology systems by offering various important solutions to customers which can be classified into 6 types as follows:

- (1) Computer Network Infrastructure
- (2) Wireless LAN
- (3) Network Security
- (4) Unified Communication
- (5) Data Center Solution
- (6) Network Management System

The Company has clients in both government and private sectors. The Company is a business partner with product owners of world-class companies such as Cisco, NetApp, Palo Alto Networks, Symantec, VMware and Fortinet, etc. The Company mainly sells Cisco products, of which Cisco is the world leader in equipment and Software related to Data Networking, which is the hallmark of the Company. In the past, the Company is responsible from the small project with a value from hundreds of thousands baht to medium-sized projects worth hundreds of millions baht, including experts to give advice on various systems related to computer applications such as network systems, server and storage sizes, as well as databases such as Oracle, DB2 and SQL. The Company has many experts who have received the highest certification of Cisco or CCIE (Cisco Certified Internetwork Expert) to provide advice to customers.

## (2) (2) Maintenance Service Agreement (MA)

The Company provides system maintenance services to clients to ensure that customers can operate their business continuously. The service is divided into 3 main categories as follows:

- (1) Preventive Maintenance
- (2) Collective Maintenance
- (3) Warranty

## (3) Other Information Technology Services (Other IT Services)

Other services provided by the Company include cabling service and maintenance and repair services at the onsite service on the date, time and place agreed with the customer and make the payment on a one-time basis and software system design and development.

# Vision, Mission, and Business Goals

## Vision

The Company has a vision to be a system integrator to provide integrated information technology solutions with efficiency, effectiveness and high quality products. The Company aims to provide excellent services with punctuality and experts to meet all requirements and achieve business goals of customers as if they were corporate partners.

## Mission

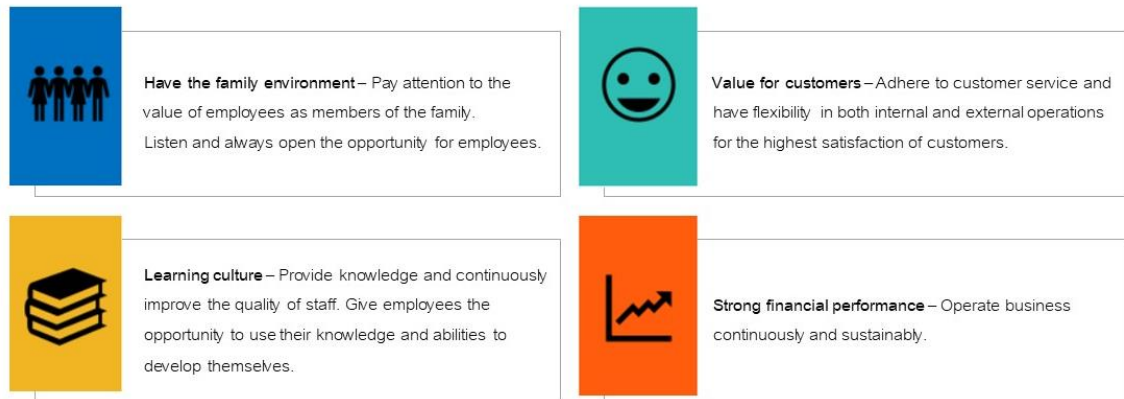
The Company targets to become a leader in delivering information technology solutions and services in Thailand to meet all needs of businesses of different levels of customers from individuals, organizations to the national level with maximum satisfaction in products and services.

## Business Goals

The Company aims to continuously increase revenue and profit by creating a new customer base, and presenting new products to keep up with the changes as well as creating new business.

- To generate maximum revenues and profit margins, the company aims to continuous sales growth by introducing new products to keep pace with today's changes. Also, the company manages the lowest cost for earning maximum profit.
- To acquire new customer, the company seeks for expand new customer by using Digital Marketing. It helps to propose new solution and technology.
- To establish new business, the company seeks for investment in new business to continue revenue growth.
- To generate revenue stably, the company aims to generate revenue by maintain existing customers and new customers. It includes to propose software as subscription.
- To increase potential work, the company provides training for staff to increase expert in products or changing technology.
- To focus on teamwork, the company aims to clear work system. Staff knows their duty, responsibility, unity, assistance, and appreciate mutual success.

## Corporate Culture



## Major Changes and Development of the Company

- Business Operations

Year	Major Development
2004	<ul style="list-style-type: none"> <li>Established and registered as a limited company with a registered capital of THB 1 million (with a par value of 100 baht each, a total of 10,000 shares), the primary objective was initially to conduct the business of distribution and installation of equipment related to information technology systems.</li> </ul>
2006	<ul style="list-style-type: none"> <li>The Company is registered with Cisco as a Premier Certified Partner. Cisco has expertise in products related to Server, Storage, Network Security, Wireless, Networking Devices and Routers, Conference and IP Phone.</li> </ul>
2007	<ul style="list-style-type: none"> <li>The Company was upgraded to Silver Certified Partner<sup>1</sup> of Cisco.</li> </ul>
2010	<ul style="list-style-type: none"> <li>The Company was upgraded to Gold Certified Partner of Cisco</li> <li>The Company was appointed as a business partner of Blue Coat Systems (now is Symantec), which specializes in software products for Network Security.</li> </ul>
2013	<ul style="list-style-type: none"> <li>The Company was appointed as an Innovator Authorized Reseller under the Palo Alto Networks trademark, which specializes in Network Security products.</li> <li>The Company was appointed as an Authorized Partner under the Fortinet trademark. Fortinet has expertise in Network Security products.</li> </ul>
2014	<ul style="list-style-type: none"> <li>The Company was certified ISO 9001: 2008.</li> </ul>

<sup>1</sup> Silver Certified Partner is no longer available.




Year	Major Development
2015	<ul style="list-style-type: none"> <li>The Company was registered as a business alliance with NetApp as Gold Authorized Distributor. NetApp is specialized in products related to Storage systems.</li> </ul>
2017	<ul style="list-style-type: none"> <li>The Company established a branch office in Chonburi province to provide maintenance services to customers in the Eastern region.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Purchase land and invest in the construction of the new headquarters of the Company. The total value is approximately THB 140 million.</li> <li>The Company was appointed as a Professional Partner under the VMware trademark. VMware has expertise in System Software products.</li> </ul>
2019	<ul style="list-style-type: none"> <li>The Company closed the branch office in Chonburi province because the Company changed management plans for providing maintenance services.</li> </ul>
2020	<ul style="list-style-type: none"> <li>On July 3, 2020, the Company established a joint venture company under the name of The Practical Superb Comp Co., Ltd. with registered capital of THB 1,000,000, divided into 10,000 ordinary shares at a price of THB 100 per share, in order to participate in the bidding for large projects related to information technology systems.</li> <li>On November 16, 2020, the Company established a subsidiary company under the name of The Win Telecom Co., Ltd. with registered capital of THB 5,000,000, divided into 50,000 ordinary shares at a price of THB 100 per share. This new company focuses on providing consultations, with surveys and installation of telecommunication masts.</li> </ul>

● Capital



Year	Major Development
2004	<ul style="list-style-type: none"> <li>Registered as "The Practical Solution Company Limited" with registered capital of THB 1 million (par value of 100 baht per share, a total of 10,000 shares)</li> </ul>
2006	<ul style="list-style-type: none"> <li>The Company increased the registered capital of THB 4 million, from THB 1 million to THB 5 million (with a par value of 100 baht, a total of 50,000 shares) to use as working capital for business operations.</li> </ul>
2007	<ul style="list-style-type: none"> <li>The Company increased the registered capital of THB 5 million, from THB 5 million to THB 10 million (with a par value of 100 baht, a total of 100,000 shares) to use as working capital for business operations.</li> </ul>
2009	<ul style="list-style-type: none"> <li>The Company increased the registered capital of THB 10 million, from THB 10 million to THB 20 million (with a par value of 100 baht, a total of 200,000 shares) to use as working capital for business operations.</li> </ul>

Year	Major Development
2013	<ul style="list-style-type: none"> <li>The Company increased the registered capital of THB 20 million, from THB 20 million to THB 40 million (with a par value of 100 baht, a total of 400,000 shares) to use as working capital for business operations.</li> </ul>
2016	<ul style="list-style-type: none"> <li>The Company increased the registered capital of THB 40 million, from THB 40 million to THB 80 million (with a par value of 100 baht, a total of 800,000 shares) to use as working capital for business operations.</li> </ul>
2018	<ul style="list-style-type: none"> <li>The Company increased the registered capital of THB 20 million, from THB 80 million to THB 100 million (with a par value of 100 baht, a total of 1,000,000 shares) to use as working capital for business operations.</li> </ul>
2019	<ul style="list-style-type: none"> <li>On 28 June, 2019, the Extraordinary General Meeting of Shareholders No. 1/2019 passed a resolution approving the Company to be transformed into a public company, including increasing its registered capital by THB 40 million from THB 100 million to THB 140 million.</li> <li>On 15 November, 2019, the Company was listed on the Market for Alternative Investment (mai) with the initial public offering (IPO) of 80,000,000 shares at the price of 2.50 baht per share, resulting in the Company to have a total paid-up capital of THB 140 million.</li> </ul>
2020	<ul style="list-style-type: none"> <li>The Company established a joint venture company called The Practical Superb Comp Co., Ltd. with registered capital of THB 1,000,000, divided into 10,000 ordinary shares at a price of THB 100 per share, in order to enter the bidding for large projects related to IT systems. The Company held/acquired 49.98 % of the shares.</li> <li>The Company established a subsidiary company called The Win Telecom Co., Ltd. with registered capital of THB 5,000,000, divided into 50,000 ordinary shares at a price of THB 100 per share. This new company focuses on providing consultations, with surveys and installation of telecommunication masts. The Company held/acquired 56.00% of the shares.</li> </ul>

- Standards and Awards

Year	Major Development
2006	<ul style="list-style-type: none"> <li>The Company is registered with Cisco as a Premier Certified Partner because the Company foresees the competition and the market share of information technology products. Cisco has a relatively high market share compared to competitors and trustworthy in both the public and private markets. In addition, Cisco products can meet requirements of customers in a complete range. Cisco products include Routing, LAN Switching, Wireless LAN, Security, Collaboration, Data Center and so on. To become a Premier Certified Partner, the Company must have 1 expert with CCNA certification (Cisco Certified Network Associate) or higher and 1 expert with CCNA certification or higher or 1 expert with CCDA certification (Cisco Certified Design Associate) or higher.</li> </ul> 
2007	<ul style="list-style-type: none"> <li>The Company was appointed as a Cisco Silver Certified Partner. As a Silver Certified Partner, the Company will receive more support from Cisco in terms of access to products and services, technical support, online training tools, marketing promotion and sales promotion. The Company must have at least 2 CCIE (Cisco Certified Internetwork Expert) certified professionals.</li> </ul> 
2010	<ul style="list-style-type: none"> <li>The Company was appointed as a Cisco Gold Partner. As a Gold Certified Partner, the Company will receive the highest support both in terms of trade discounts and rebate including the access to new Cisco products. The Company must have at least 4 CCIE certified professionals.</li> </ul> 



Year	Major Development
2012	<ul style="list-style-type: none"> <li>Received FY11 Top YoY Growth of the Year at Thailand Partner Conference from Cisco in February 2012 in Cambodia. The reward is for the highest sales growth in the Two-Tier Partner.</li> </ul>
2014	<ul style="list-style-type: none"> <li>The Company received the official ISO9001: 2008 from TÜV SÜD Thailand on 16 December, 2014, which is a quality management certification for organization.</li> </ul> 
2017	<ul style="list-style-type: none"> <li>The Company was awarded Cisco FY16 Partner Plus Winner's Circle, an award that the Company can achieve sales targets set by Cisco.</li> </ul>
2018	<ul style="list-style-type: none"> <li>The Company was awarded the Cisco Thailand and Indochina Partner Conference 2018 FY17 Architectural Excellence: Collaboration, which is an award that the company can achieve sales targets set by Cisco in Collaboration.</li> <li>The Company received the official ISO9001:2015 from TÜV SÜD Thailand on 28 February, 2018 as a quality management certification for organization. ISO9001:2015 is the standard for quality assurance to ensure that the processes are controlled and validated to provide consistently good quality products/services and continuous improvement towards sustainable development and international acceptance.</li> </ul> 
2019	<ul style="list-style-type: none"> <li>The Company was awarded Cisco Top Commercial Sales Partner 2019, an award that the Company can achieve sales targets set by Cisco.</li> <li>The Company received Best Strategic Win Value award from Solarwinds, which is the award that the Company can achieve sales target set by Solarwinds.</li> <li>The Company received 2019 Fastest Growing Partner Award from Sangfor, an award that the Company can achieve sales target set by Sangfor.</li> </ul>

Year	Major Development
2020	<div data-bbox="550 280 901 593">  </div> <div data-bbox="917 291 1093 604">  </div> <ul style="list-style-type: none"> <li>TPS received the FY2020 Top Recurring Offer Partner of the Year award at the Cisco Thailand Partner Appreciation Event 2021, an award granted by Cisco to the partners with the highest number of active customers on a continuous basis in the fiscal year 2020.</li> </ul>

## Nature of Business

The Practical Solution Public Company Limited provides consulting, design, procurement, installation and distribution of products and equipment related to information technology systems (Information Technology Solutions Provider: ITP). The Company aims to provide high quality products and services with efficiency, effectiveness and international reputation in order to meet requirements of customers at all levels from small businesses to large companies including private companies, government agencies and state-owned enterprises. In addition, the Company also provides maintenance services and other information technology services.

The Company has teams with knowledge and experience in information technology for so long and understanding clients' business. Therefore, they can help and support all levels of customer groups by bringing efficient information technology systems to support various operational processes in customers' business with full efficiency in order to maximize customer satisfaction.

## Revenue Structure

The Company's main revenues come from revenues from sales and services. Revenues can be divided into 3 main groups consisting of (1) Revenue from System Integration (SI) (2) Revenue from Maintenance Service Agreement (MA) (3) Revenue from Other Information Technology Service (Other IT Service). The revenue structure of the Company during 2018 – 2020 is as follows:

Business	2018		2019		2020	
	THB Million	%	THB Million	%	THB Million	%
<b>Revenues from Sales and Services</b>						
1. Revenue from sales and installation of IT systems	371.76	68.87	461.15	71.80	544.07	73.73
2. Revenue from after-sales service of system maintenance (MA)	156.75	29.04	160.25	24.95	171.79	23.28
3. Revenue from other IT services	8.07	1.50	18.14	2.82	17.53	2.38
<b>Total Revenue from Sales and Services</b>	<b>536.58</b>	<b>99.41</b>	<b>639.54</b>	<b>99.57</b>	<b>733.39</b>	<b>99.38</b>
Other Revenue*	3.19	0.59	2.73	0.43	4.55	0.62
<b>Total Revenue</b>	<b>539.77</b>	<b>100.00</b>	<b>642.27</b>	<b>100.00</b>	<b>737.94</b>	<b>100.00</b>

Note: \*Other revenue includes interest income from operations and financial lease, gain (loss) from sales of assets, gain (loss) from exchange rate and gain (loss) from short-term investments etc.

Type of Customer	2018		2019		2020	
	THB Million	%	THB Million	%	THB Million	%
1. Revenue from sales and installation of IT systems	371.76	100.00	461.15	100.00	544.07	100.00
▪ Private Companies	275.66	74.15	367.64	79.72	441.67	81.18
▪ Government Agencies	96.10	25.85	93.51	20.28	102.40	18.82
2. Revenue from after-sales service of system maintenance	156.75	100.00	160.25	100.00	171.79	100.00
▪ Private Companies	105.45	67.27	109.83	68.54	123.66	71.98
▪ Government Agencies	51.30	32.73	50.42	31.46	48.13	28.02
3. Revenue from other IT services	8.07	100.00	18.14	100.00	17.53	100.00
▪ Private Companies	7.95	98.51	10.53	58.05	13.52	77.12
▪ Government Agencies	0.12	1.49	7.61	41.95	4.01	22.88

## Details of Products and Services

The company provides consulting, design, procure, install and distribute products and equipment related to information technology (Information Technology Solutions Provider: ITP) which can classify details of products and services according to revenue structure into 3 main groups as follows:

- (1) System Integration
- (2) Maintenance Service Agreement
- (3) Other Information Technology Service

### System Integration

The Company provides consulting, design, procure, install and distribute products and equipment related to information technology by offering various important solutions to both public and private customers in 2 types as follows: (1) General trade and (2) Financial lease. In 2018 – 2020, the Company has revenue structure in 2 types as follows:

Type of Revenue	2018		2019		2020	
	THB Million	%	THB Million	THB Million	%	THB Million
Revenue from sales and installation of IT systems						
1. Normal	370.06	99.54	434.16	94.15	496.05	91.18
2. Financial lease agreement	1.70	0.46	26.99	5.85	48.02	8.82
<b>Total revenue from sales and installation of IT systems</b>	<b>371.76</b>	<b>100.00</b>	<b>461.15</b>	<b>100.00</b>	<b>544.07</b>	<b>100.00</b>

The Company offers product solutions to customers into 6 categories as follows:

### 1. Computer Network Infrastructure

Computer Network Infrastructure is necessary for many organizations. It works as backbone for IT system which is used to communicate with each other. Our company focus on improving our staff knowledge and technical expertise in various IT product and technology to keep up with the technology that is advancing everyday. Our company has teams that are expertise in various technology and IT solutions such as computer network backbone, WAN Network, Cabling system, etc. We are also focusing new technology like Software defined solution which can match our customer business requirement, for example software defined network (SDN) which is a network automation system which can drive and match customer business requirement, the software defined WAN (SD-WAN) is a WAN network automation which can decrease WAN link cost and increase utilization of existing WAN network.

### 2. Wireless LAN

Wireless LAN is the technology developed to make it easier to connect various devices into the network with radio signals using the 2.4 GHz and 5 GHz frequency band. Currently, it can receive – send data for up to 2 Gbps for wireless communication systems. The Company has experts in installation and design systems including consultation and presenting the system that is suitable for the customer requirements.

### 3. Cyber Security

Cyber security is most important part in IT infrastructure. In present, many company or organization like government organization, State Enterprises or private sector collects numbers of digital information in IT systems, most are sensitive data such as intellectual property, financial record or personal information. We need to protect these data because if the confidential information was disclosed to 3rd party, it will impact the business. Cyber attack is a threat in nowadays business that we should pay attention the most, this is why all organization need to invest in cyber security. The example cyber security system that we provides:

**Network Security:** Security for network infrastructure that provides data protection from cyber attacks and cyber intrusions.

**Data security:** To protect company data and customer information to align with Personal Data Protection Act Law (PDPA).

#### 4. Unified Communication

At present, unified communication system is very important technology, especially in 2020 in Covid-19 pandemic situation a company increasing demand a unified communication system. It helps to drive an organization during Covid-19 pandemic for example web conference system, video conference system, IP phone system, and chat system (instant messaging). Anyway, a unified communication system save cost and improve security for inside and outside communication. It centralized customer data and improve efficiency of employee working.

#### 5. Data Center Solution

Data Center System is fundamental infrastructure consist of resource and system for example hardware server, storage, network device and supporting system. It is necessary to provide automatic allocation and configuration of resources for continue support business application to serve business requirement in time with efficiency, stability, continuity and secure. The system needs to support the increased numbers of data, server storage and network connectivity requirement. Therefore, to support the number of data that will be increased by time, the data center equipment such as servers, data storage or backup software is necessary for many companies.

#### 6. Network Management System

Network Management System able to centralize network control, monitoring and alert when some devices occur a malfunction or a failure. System administrator able to get immediately notify and able to fix problem quickly. The main features of Network Management System is continue network monitoring and reporting network usage statistics such as Traffic statistics, Clients usage etc. Able to graph display for analytic and planning for network expand. Administrator able to check and fix problem from centralize. Including software installation, system configuration from remote site for services and network management has reliable performance and long term usable.

## Maintenance Service Agreement (MA)

The company provides system maintenance services to customers. The maintenance service contract will be approximately 1 - 5 years, including the repair service, replacement of damaged equipment at the installation point. This service is divided into 3 main categories as follows:

- (1) Preventive Maintenance
- (2) Collective Maintenance
- (3) Warranty

The Company can provide maintenance services to ensure the smooth operation of the system both while working as normal and after an unusual event, including sit-in service at the client office. The Company has an expert engineering team with training and certificate from product owners. The Company can serve customers quickly and fulfill customers' requirements.

In addition, the Company has a service to send employees to sit-in at the client's site to provide services and system maintenance and solve problems immediately according to the agreed contract with customers.

## Other Information Technology Services (Other IT Services)

Other services provided by the company include cabling service and maintenance and repair services at the onsite service on the date, time and place agreed with the customer and make the payment on a one-time basis.

In addition, the Company provides software design and development services. Due to the Company oversee that the hardware business related to information technology is stable, the Company is looking for new business opportunities and foresee the growing trend in system design and development services. Therefore, the Company expands the business to software.



## Strengths of Products and Services

### 1. Business Partner with World-Class Information Network Equipment Manufacturers

The Company is entrusted as Cisco Gold Partner Partner. At present, only 14 companies in Thailand receive the Gold Certified Partner. In addition, the Company is a business partner with equipment manufacturers and other leading information network software such as NetApp, Palo Alto Networks, Symantec, VMware, and Fortinet.

### 2. Warranty and After-sales Service

The Company has a policy to guarantee the project for a period of 1 year to provide customers the confidence in the quality of products and services. The Company has a team with experts in providing after-sales services to ensure that the client's system can operate business continuously 24 hours a day, with the call center and engineering team with specialized expertise.

### 3. Providing Financial Lease to Customers

The Company provides financial services in the form of financial leases to customers in both the public and private sectors. The contract is scheduled between 36 months to 60 months as an option for customers who do not want to pay the entire project at one time.

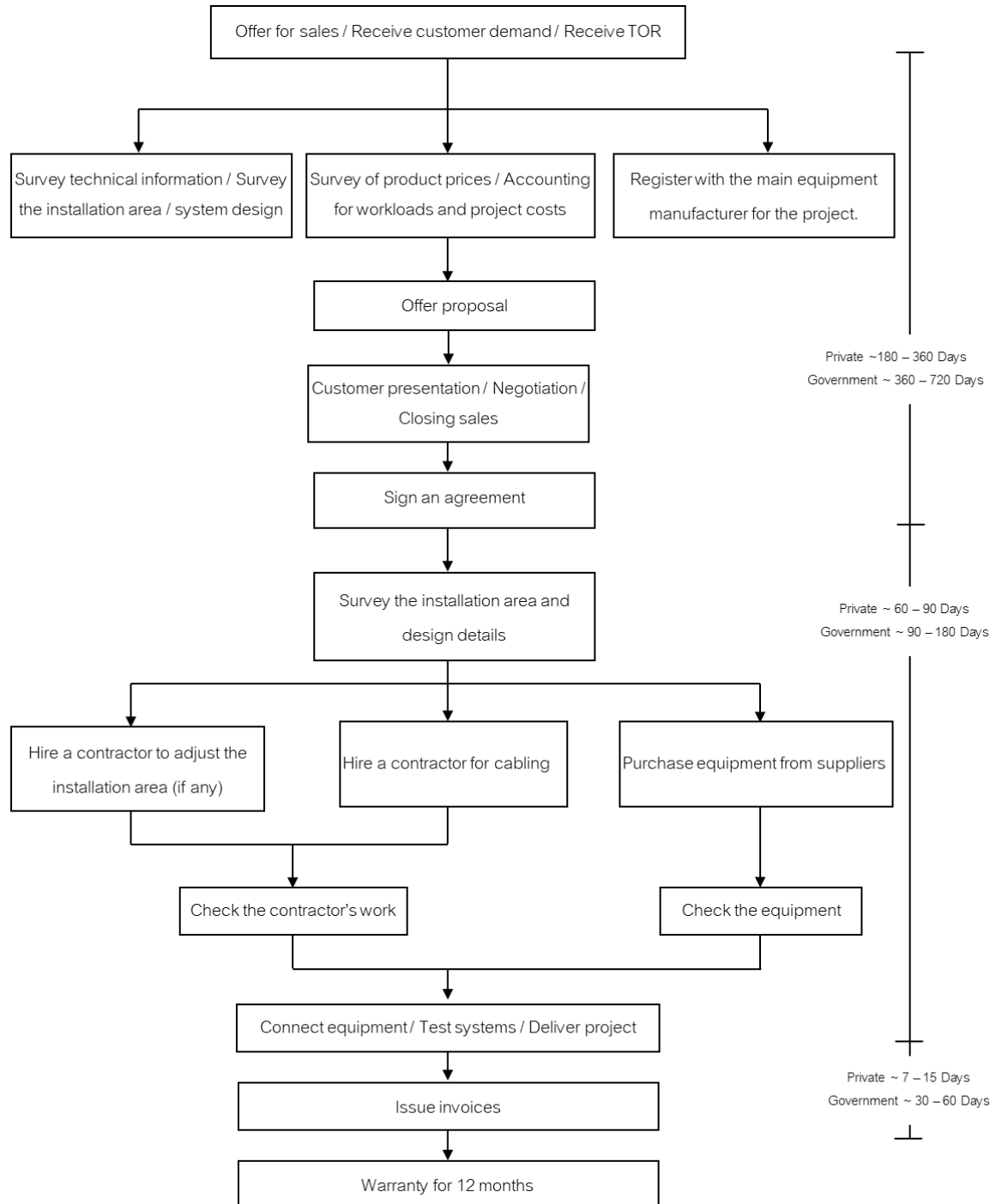
### 4. Specialized Experts to fulfill Customer Requirements.

The Company focuses employee development to increase knowledge, increase ability to serve the customer and always focuses employee development on new things included teamworking, Technology trends for to be responsible employee with technology changing.

### 5. Maintaining Good Relations with Customers and Partners

The Company maintains a good relationship with customers and partners for a long time. Due to the Company's management group previously worked with a reputable telecommunications company, the Company can understand the needs of customers. In addition, the management team has the opportunity to work with many product owners, allowing the Company to select the product and project appropriately and to deliver products and services to customers with quality and within the schedule specified by the customer.

## Service Procedures of the Company



Considering the duration of the project, starting from accepting customer requirements until signing an agreement, it takes about 180 – 360 days for private companies and about 360 – 720 days for government agencies. Processes from installation to delivery will take approximately 60 – 90 days for private companies and approximately 90 – 180 days for government agencies. After the project is completed, the Company will provide the warranty for 12 months.

## Marketing and Competition

### Competitive Strategy

#### 1. Products and Services

##### (1) Business Partner with World-Class Information Network Equipment Manufacturers

The Company has been trusted to be a partner of Cisco since 2006. The Company began with a Premier Certified Partner and it was promoted to the highest Gold Certified Partner in 2010 until present. Only 11 companies in Thailand receive the Gold Certified Partner. In addition, the Company is a business partner with equipment manufacturers and other leading information network software such as NetApp, Palo Alto Networks, Symantec, VMware, and Fortinet. Business partner with product owners will help the Company to receive the support in term of knowledge, training on technology and products, accessing the distributor network and receiving on products to meet customer requirements, including discounts on product purchases that will enhance the Company's competitiveness.

##### (2) Warranty and After-sales Service

To provide customers the confidence in the quality of products and services, the Company has a policy to guarantee the project for a period of 1 year. The Company has the department that provides after-sales and maintenance services, which consists of engineers with knowledgeable expertise in each type of products and services. Service and maintenance department will be divided into Preventive Maintenance which is the periodic maintenance as specified in the contract and Collective Maintenance which is the repairing of the immediate breakdown. The Company's service and maintenance department can serve customers quickly and fulfill customer requirements resulting that customers satisfy and trust in the service of the Company.

##### (3) Providing Financial Lease Option to Customers

The Company provides financial services in the form of financial leases to customers in both the public and private sectors. The contract is scheduled between 36 months to 60 months as an option for customers who

do not want to pay the entire project at one time. Providing financial lease services will increase the opportunity for the Company in receiving more projects from customers that have insufficient budgets for projects.

## 2. Employee

Business of providing consulting, design, procurement, installation and distribution of products and equipment related to information technology systems requires the personnel with knowledge and expertise. At present, the Company has 6 CCIE (Cisco Certified Internetwork Expert) experts, which are more than the minimum of Cisco that requires the Company to have at least 4 experts with CCIE. Therefore, the Company has personnel that can provide efficient customer service and meet the customer standard. In addition, the Company focuses on the development of employees' potential to learn new knowledge to increase work efficiency, including team work and technology tracking that employees can respond promptly to technology changes and have more adaptability.

## 3. Cost Management

The Company focuses on cost management and providing services for a competitive advantage while maintaining product quality and services to meet global standards. The Company is a partner of Cisco Gold Certified Partner, which allows the Company to buy products at a lower cost, to increase competitive advantage with other organizations in the long run.

## 4. Building Good Relationships with Customers and Partners

The Company maintains a good relationship with customers and partners for a long time. Due to the Company's management group previously worked with a reputable telecommunications company, the Company can understand the needs of customers. In addition, the management team has the opportunity to work with many product owners, allowing the Company to select the product and project appropriately and to deliver products and services to customers with quality and within the schedule specified by the customer. Therefore, the Company has been trusted by both government and private customers continuously.

## 5. Expanding Project Size

The Company has the strategy to expand the business by increasing the size of the project and focusing on more value projects from both government agencies which have an investment plan to promote the digital society and create equal access to communication services according to the 20-year national strategy, and private companies which tend to increase information technology investment. In order to receive a larger project, the Company needs to use more working capital for Bid Bond, Performance Bond and Retention Bond. Therefore,

the Company searches for business partners to join in more valuable projects. To select business partners, the Company will consider business conditions and support of each partner to maximize benefits for the Company.

## Distribution Channels and Target Customers

### 1. Target Customers

Customer group of the Company covers both private companies and government agencies in various industries: telecommunications industry, automotive industry, oil and refinery industry, cement industry, hospitals, financial institutions educational institutions and logistics that requires products and services related to computer networks and information technology systems to operate the business and to increase efficiency and security of information technology system. The Company will have a higher proportion of the project value of private companies than government agencies. The Company offers projects from small projects with a value of hundreds of thousands to medium-sized projects with a value of hundreds of millions. The revenue structure of the Company Classified by target customers in 2018 – 2020 as follows:

Revenue Structure	2018		2019		2020	
	THB Million	%	THB Million		THB Million	%
1. Private Companies	389.06	72.51	488.00	76.30	578.85	78.93
2. Government Agencies	147.52	27.49	151.54	23.70	154.54	21.07
<b>Total</b>	<b>536.58</b>	<b>100.00</b>	<b>639.54</b>	<b>100.00</b>	<b>733.39</b>	<b>100.00</b>

Private companies and government agencies customers can be divided into various groups as follows:

#### 1) General private companies

The general private company customers of the Company consist of public companies listed on the Stock Exchange of Thailand, multinational companies, limited companies, hospitals and private health agencies, and private educational institutions etc.

#### 2) Government agencies

The government agency customers of the company consist of government agencies, state enterprises, hospitals and government health agencies, and public educational institutions that have procurement methods under government regulations.

## 2. Distribution Channels

The Company has a sales team that specializes in providing fast and complete service. Sales department is responsible for finding new customers and sustaining existing customers by contacting and negotiating with customers directly. The Company's sales department can be divided into 2 parts: (1) Sales and (2) Telesales. Each sales member will take care of customers without dividing by customer group or type. Sales staffs will be responsible for customers from the beginning and will continue to look after those customers in order to maintain their relationship. Telesales will be responsible for calling new customers to offer products and solutions.

For government agency customers, sales department will follow up procurement announcements from government agencies. There are 3 methods of procurement by government agencies as follows:

1) Invitation method is that government agencies will invite general entrepreneurs who meet criteria specified by government agencies to submit proposals. Invitation method can be classified in 3 ways as follows:

1.1) Electronic market (E-Market) can be divided into 2 types as follows:

1.1.1) Quotation

1.1.2) Electronic auction

1.2) Electronic bidding (E-Bidding)

1.3) Price examination

2) Selection method is that government agencies will invite only entrepreneur who meets criteria specified by government agencies. Participants must not be less than 3 to submit the proposal except that there are less than 3 qualified entrepreneurs.

3) Specific method is that government agencies will invite a particular entrepreneur who meets criteria specified by government agencies to submit proposals or negotiate prices, including directly purchasing materials from entrepreneurs.

For private companies, sales department will contact the staff of the information technology department for future projects and present products and services. There are 2 methods of procurement by private companies as follows:

1) Quotation

2) Electronic auction (E-Auction)

For private company customers, sales team and technical consultant will introduce the new technical and systems to customers in order to convince customers to realize benefits of using various systems in working. Then, if customers are interested in products and services, sales department will enter in to price negotiations and contract signing.

### 3. Price Policy

#### (1) System Integrator

The Company determines sales and service prices by mainly referring to the cost of the project. The Company will consider procuring appropriate products in terms of price and technic, including planning for effective project management at the lowest cost. The project cost includes the cost of equipment and installation services, plus an appropriate margin (Cost-Plus Pricing). In addition, the Company determines prices by considering projects that can be extended or ordered additional equipment in the future and consider the competitive conditions of that project. The Company has set a target of gross profit margin for each project. If the project has been evaluated to have more gross profit than specified gross profit, the sales department can approve the project. The salesperson can offer the price that is lower than the specified gross margin, but it must be approved according to the authority limit. The Company also has a discount policy for customers to increase competitiveness with competitors.

In term of financial leases, the Company will determine sales and services prices with interest charged on installments for products and services throughout the contract in addition to the general offering price.

#### (2) Maintenance Service Agreement and Other IT Service

For maintenance service agreement and other IT service, the Company will determine price by referring to the cost of procurement of products and services plus an appropriate gross margin (Cost-Plus Pricing), including considering former prices offered to customers and adjusting prices based on the amount of purchase, service conditions and other conditions such as payment terms delivery period, warranty period, shipping and taxes etc.



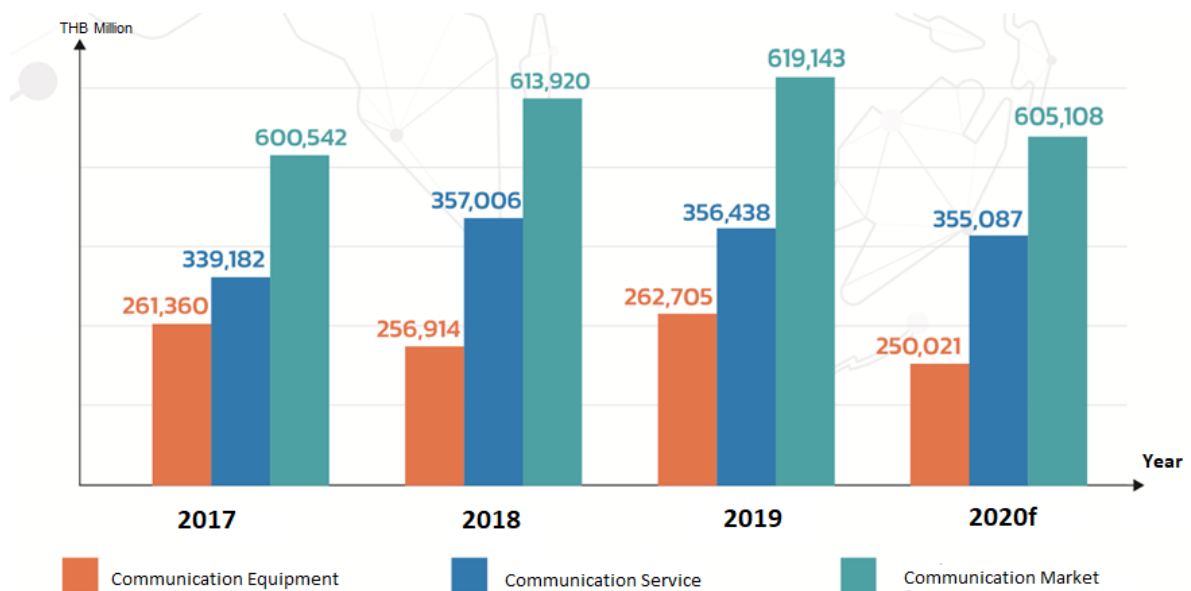
## Industrial Situation and Competition

### 1. Overview of Communication Market in Thailand

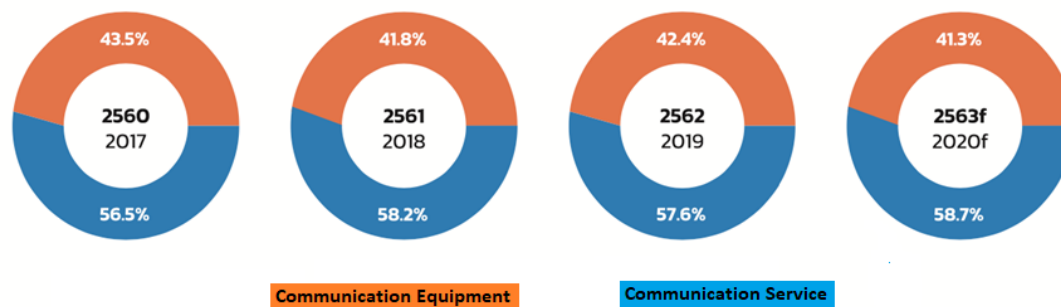
The economy stagnation result is the Thai communications technology market in 2019 has a value is 619,000 million baht. Increase 0.9 percent from 2018, and expected the COVID-19 virus outbreak will affect the value of the communication technology market in 2020 has a negative direction The approximately value is 605,109 million baht. Decrease from the year 2020 by 2.3 percent when the communication technology market value is classified into 2 markets, namely the communication equipment market and the communication service market. It was found investment in the communications market in 2019 was 262,705 million baht or 42.4% of the total communication market value. While spending in the communications service market is approximately 356,438 million baht or 57.6 percent of the total communications market value.

Covide-19 outbreak will affect the the value of communication devices market more than communication services. The value of the market will decrease by 41.3 percents of the total value of communication devices market.

Total value of Thailand's communication market (including internet marketing)



## Ratio of the communication equipment market &amp; communication service market



Sources of data: The results of the study of Thailand's communication market value and internet data in 2019 and forecast for 2020 (Office of The National Broadcasting and Telecommunications Commission: NBTC)

## (1) Communication Equipment

The communication equipment market consists of 4 sub-groups as follows: (1) Telephone (2) Telecom Network Equipment (3) Wire Equipment and (4) Wireless Equipment.

Communication Equipment	2017 (THB Million)	Growth (%)	2018 (THB Million)	Growth (%)	2019 (THB Million)	Growth (%)	2020F (THB Million)	Growth (%)
Telephone	121,962	9.47	118,976	-2.45	121,462	2.1%	111,650	-8.1%
Telecom Network Equipment	75,315	2.77	73,780	-2.04	76,446	3.6%	73,245	-4.2%
Wire Equipment	17,702	5.79	18,468	4.33	18,489	0.1%	18,348	-0.8%
Wireless Equipment	46,381	2.87	45,690	-1.49	46,308	1.4%	46,778	1.0%
<b>Total Market</b>	<b>261,360</b>	<b>6.02</b>	<b>256,914</b>	<b>-1.70</b>	<b>262,705</b>	<b>0.90%</b>	<b>250,021</b>	<b>-5%</b>

In 2017, the value of the communication equipment market was THB 261,360 million, increased from THB 246,513 million in 2016 or 6.02 percent growth. In 2018, the communication equipment market was THB 256,914 million, slightly decreased from THB 261,360 million in 2017, representing a regression rate of 1.70 percent in accordance with the economic slowdown. It is estimated that in 2019, the communication equipment market is expected to grow again, with the value of THB 262,705 million, up from THB 256,914 million in 2018, or a growth rate of 0.9 percent. It is predicted that the communication markets in 2020 will be a recession in accordance with the economic situation. The value is THB 250,021 million, The main network infrastructure equipment that is the main business of our company is expected to grow for the value of THB 73,245 million.

## (2) Communication Service

The communication service market consists of 5 sub-groups as follows (1) Fixed-line Telephone Service (2) Mobile Phone Service (3) Internet Service (4) International Calling Service and (5) Data Communication Service.

Internet service market and the data communication service market affects the business operations of the Company. Due to the expansion of internet services and data communication services, it will drive the expansion of the network infrastructure, wireless network and data center.

Communication Service	2017 (THB Million)	Growth (%)	2018 (THB Million)	Growth (%)	2019 (THB Million)	Growth (%)	2020F (THB Million)	Growth (%)
Internet Service	61,106	9.63	75,391	23.38	79,160	5.00	75,381	5
Data Communication Service	15,150	4.15	15,445	1.95	16,218	5.00	16,277	1.5
Fixed-line Telephone Service	10,829	-9.80	9,516	-12.12	8,458	-11.12	7,087	-11.5
Mobile Phone Service	246,102	1.88	251,241	2.09	257,522	2.50	254,278	-1.1
International Calling Service	5,995	-13.86	5,413	-9.71	4,871	-10.01	2,064	-41.0
<b>Total Market</b>	<b>339,182</b>	<b>2.53</b>	<b>357,006</b>	<b>5.25</b>	<b>366,229</b>	<b>2.58</b>	<b>355,087</b>	<b>-2.3</b>

Sources of data: The results of the study of Thailand's communication market value and internet data in 2019 and forecast for 2020 (Office of The National Broadcasting and Telecommunications Commission: NBTC)

The communication service market has been continuously growing. In 2017, the communication service market is worth THB 339,182 million, up from THB 330,816 million in 2016, or 2.53% growth. In 2018, the communication service market is worth THB 357,006 million, increased from THB 339,182 million in 2017, representing a growth rate of 5.25 percent. For 2019 forecast, the communication service market will continue to grow with a value of THB 366,229 million, increasing from THB 357,006 million in 2018, representing a growth rate of 2.58 percent. Internet service and data communication service are directly related to the company's business. The expected value is THB 356,438 million. In 2020, the expected value of internet services and communication service values is worth THB 355,087 million or decreased by 2.3%.

The growth of the communications market is a result of rapidly changing technology along with investment from government agencies to promote the digital society and private investment for supporting the need for more communication services including changes in consumer behavior that requires flexibility, convenience, using social media, watching online media and increasing online transactions. These factors will help promote the value of the communication market to expand in both the communication equipment and the communication service market in the future.

## 2. Supporting factors for the growth of the communication market in 2020

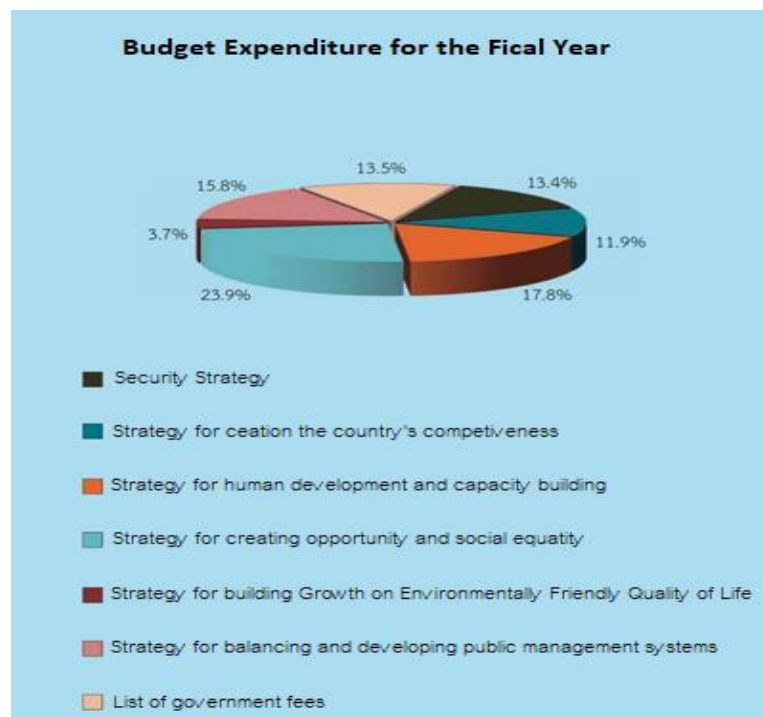
Office of the Broadcasting and Telecommunications Commission (NBTC) has predicted factors that will support the growth of the communication market in 2020 as follows:

### (1) Government investment to promote digital society and create equal access to communication services

The government investment in promoting digital society and creating equal access to communication services is in line with the 20-year national strategy, in which the government will use the annual budget allocation to drive Thailand 4.0 Policy and Digital Development Plan for Economy and Society for driving Thailand towards stability, prosperity and sustainability.

#### (1.1) Annual expenditure budget in 2020 of more than THB 3 Million for driving the national strategy

The budget allocation strategy for the fiscal year 2019 is prepared in accordance with the national strategy (2018 – 2037), the 12th National Economic and Social Development Plan (2017 – 2021), Thailand 4.0 Policy, National Security Policy (2015 – 2021), Government Policy, Country Reform Plan and National Master Plan. It considers principles of moderation, reasoning and good immunity to drive the government policy with concrete results and to provide the country stability and sustainable wealth for people, with the budget THB 3 Million.



source: Revised budget in accordance with the Annual Budget Expenditure Act B.E. 2563

From the budget allocation for the fiscal year 2020, the budget for the digital economic and social integration plan and for the science, technology and innovation capability development plan has been allocated in the country's competitiveness strategy with a budget of THB 380,803 million.

**(1.2) The country's economic structure reform with an emphasis on the use of innovation and technology (Thailand 4.0)**

"Thailand 4.0" focuses on the reform of the country's economic structure driven by the use of innovation and technology. It is developed from "Thailand 1.0" that focuses on agriculture to "Thailand 2.0" that focuses on light industry and "Thailand 3.0" that is driven by innovation and technology by relying on development in 3 areas as follows:

- 1) Change from producing commodities to innovative products
- 2) Change from driving the country with industrialization to driving with technology, creativity and innovation
- 3) Change from focusing on the product manufacturing sector to more focusing on the service sector.

The government will use Thailand 4.0 as the starting point for driving the national strategy 20-year to lead the country to stability, prosperity and sustainability. The government establishes industries that are targeted to drive the country's economy, such as the first S-Curve and the New S-Curve with industry details as follows:

Industry continued from Existing Potential Industries (First S-Curve)	Future Industry (New S-Curve)
1. Modern automotive industry	1. Robot industry
2. Intelligent electronic industry	2. Aviation and logistics industry
3. Tourism industry for high income groups and health tourism	3. Biofuels and biochemistry industry
4. Agricultural industry and biotechnology	4. Digital industry
5. Food processing industry	5. Comprehensive medical industry

Source: Strategy for Industrial Development of Thailand 4.0 for 20 years (2017 – 2036), Ministry of Industry October 2016

**(1.3) Digital development plan for the economy and society (Digital Economy) that focuses on digital infrastructure development.**

The Ministry of Information and Communication Technology has presented a digital development plan for economy and society along with the 20-year national strategy. The plan will apply information technology to economic and social activities that will benefit the information and communication technology industry in the future by focusing on the development of digital infrastructure. Digital development plan aims to provide a data

connection covering all areas and having sufficient size for use with stability that consumers can access the connection at an affordable price as a basis for national development activities both economic and social with the highest efficiency. The digital infrastructure includes infrastructure for information technology (IT), telecommunication and broadcasting as well as the convergence in 3 areas that are innovative in digital development for economy and society.

Digital development plan for economy and society has determined 6 development strategies to drive digital development in Thailand as follows:

1) Develop high-performing digital infrastructure across the country

The strategy is to develop high-speed internet infrastructure to cover the whole country with modernization, stability, responding to the needs of every sector and reasonable and fair price. The strategy plans to push Thailand to be one of the hub of connectivity and exchanging information with the ASEAN region and it have the policy and spectrum infrastructure management plan to support the efficient use of national resources and adjust telecommunications enterprises to suit the situation and the progress of the digital industry in order to keep up with future changes.

2) Drive the economy with digital technology

The strategy is to increase the competitiveness of the business to create economic value and promote competitiveness by using digital technology to increase career opportunities in agriculture and community trade through digital technology by collaborating with private and public sectors to accelerate the creation of Digital Technology Startup to drive the digital economy and develop the strong and competitive digital technology in the future.

3) Create a quality society with equality in digital technology.

The strategy is to develop Thailand in which all groups of people, especially farmers, people in remote communities, elders, disadvantaged people, and disabled can access and utilize various services of the government through digital technology to develop the potential of the people in using digital technology to benefit and create creative media, media libraries and digital learning sources for lifelong learning that people can easily access through telecommunication system and broadcasting system and can increase the opportunity to receive modern medical and health services thoroughly and equally to support the aging society with digital technology.

4) Change the government to become the digital government

The strategy is to apply digital technology to improve management efficiency of government agencies both central and provincial region with systematic until completely developed into the digital government. The nature of government services or public services will be driven by the needs of people or

users and support the disclosure of useful information as well as develop basic government service platform into a central form to facilitate communication or transactions.

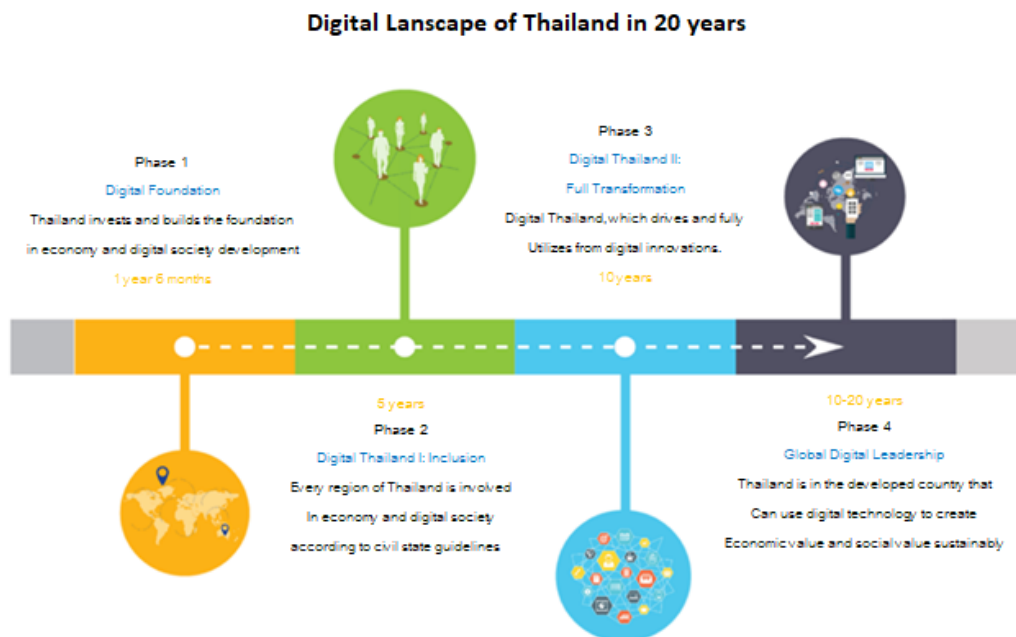
5) Develop manpower to prepare for the digital economy and society era

The strategy is to create and develop public and private sector personnel in all professions to have technology skills, creative ability and digital technology in the career and develop senior management of the government to understand and plan strategies for using digital technology to develop the organization's mission.

(6) Build confidence in using digital technology.

The strategy is to provide an ecosystem that is suitable for business operations and improve the quality of life of people by creating security in the use of digital technology by setting standards, rules and regulations to be modern and effective, as well as improving laws related to the economy and digital society in accordance with the dynamics of digital technology and social context, and creating a system security and protection mechanism for consumers using online transaction.

Digital economy and social development of Thailand focuses on long-term sustainable development in line with the 20-year national strategy development. However digital technology is changing rapidly, digital development plan for economy and society is defined the digital landscape with development directions and goals into 4 phases as follows:



Source: [https://onde.go.th/view/1/Digital\\_Development\\_for\\_National\\_Economic\\_and\\_Social\\_Development/EN-US](https://onde.go.th/view/1/Digital_Development_for_National_Economic_and_Social_Development/EN-US)

Digital Landscape of Thailand in line with 20-year National Strategy (2018 – 2037)

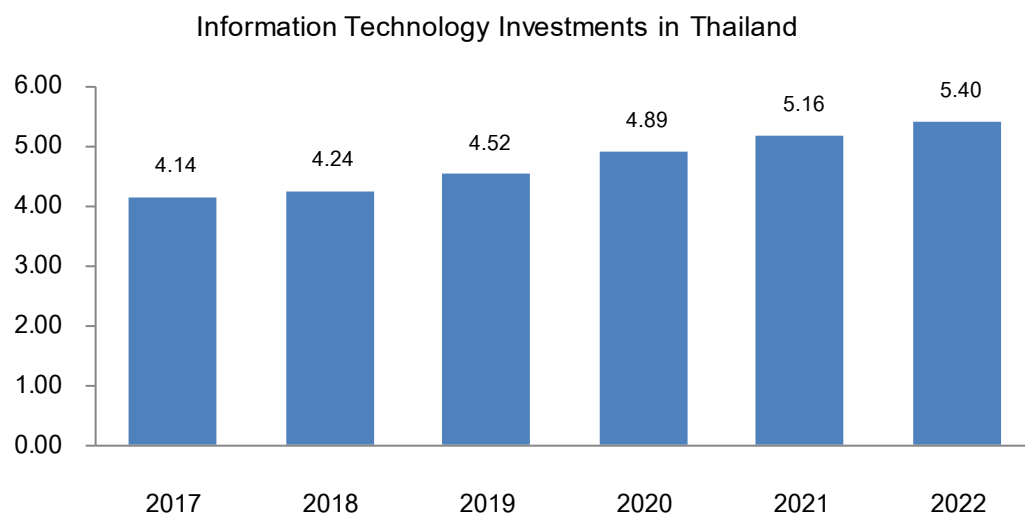
	Phase 1	Phase 2	Phase 3	Phase 4
	<b>Digital Foundation</b> Thailand invests and builds the foundation in economy and digital society development	<b>Digital Thailand I : Inclusion</b> Every region of Thailand is involved in economy and digital society according to civil state guidelines	<b>Digital Thailand II: Full Transformation</b> Digital Thailand, which drives and fully utilizes from digital innovations	<b>Global Digital Leadership</b> Thailand is in the developed country that can use digital technology to create economic value and social value sustainably
<b>Planned Timeline</b>	1 year 6 month	5 year	10 year	20 year
<b>Infrastructure</b>	High-speed internet to all villages around the country for other socio-economic activities	High speed internet in all villages and connecting with countries in other regions.	High speed internet in all villages and supporting fusion and connectivity for all devices.	Internet connects anytime, anywhere, to all devices seamlessly.
<b>Economy</b>	Conducting business through digital systems is streamlined and armed with digital for SMEs, community enterprises and farmers to come online and lay the foundation for investment in digital clusters.	The agricultural production and services shift to doing business with digital and data, as well as digital technology startup and digital clusters begin to play a role in Thai economy	The agricultural production and services can compete with digital innovations and connect Thailand to trade at the regional and global levels	Every economic activity connects within and between countries with digital technology, bringing Thailand to prosperity
<b>Society</b>	All groups of people have equal access to high-speed internet and basic government services	People believe in using digital and access digital education, health, information and lifelong learning	People utilize technology/information in every activity in their daily lives	Become the country without digital inequality, as well as communities using digital to develop their own local
<b>Government</b>	Government agencies have integrated information across departments	Working between the government sectors linked and integrated as a single organization	Government provides services that are driven by the needs of the people, information disclosure and public participation	Become the leading country in the digital government region, for both public management and public services
<b>Human Capital</b>	Manpower (all branches) has recognized digital skills in the domestic and international labor markets	Manpower can work through digital without borders. There are foreign digital experts working in Thailand	Thailand creates high-value jobs and manpower with digital expertise sufficient to the needs	Become one of the regional digital workforce centers, both in the field and digital experts
<b>Confidence</b>	The government issues comprehensive digital laws and reforms the organizations involved in driving the work.	Thailand has an environment that facilitates digital transactions, provides a convenient and standardized system	Thailand does not have laws/regulations that hinder trade and digital transactions	Become the model country that has seriously developed and evaluated digital rules and regulations

Source: Digital development plan for economy and society, approved by the Cabinet on 5 April 2016, Ministry of Information and Communication Technology



From Thailand 4.0 policy and digital development plan for economy and society to drive the Thai economy to grow sustainably, cause more opportunities to grow in the communication market of Thailand both the communication equipment market and the communication service market, including other services which has a positive impact on the Company's core businesses such as computer network infrastructure, wireless network and data center, which are important to help various organizations conducting business in the digital economy era.

(2) Information technology investments in Thailand tend to grow continuously



Source: <http://inews.bangkokbiznews.com/read/361156>

Overview of information technology investments in Thailand, IDC predicts that the investment trend continues to grow from the positive factors of Digital Transformation. It is expected that between 2017 – 2022, IT investment will grow by an average of 5.4% from THB 4.14 billion in 2017 to about THB 4.24 billion, THB 4.52 billion, THB 4.89 billion, THB 5.16 billion and THB 5.40 billion respectively. Information technology investment in Thailand mainly comes from the 3rd generation platform technology, which includes cloud mobility, big data analytics and social media. It is expected that public cloud services, big data analytics and internet of things (IoT) will grow at an average of about 20%, 18.6% and 11.4% respectively (source: inews.bangkokbiznews.com).

For the technological development trend that will occur in 2019, IDC estimates that by 2022, more than 61% of Thailand's GDP will be influenced by digital technology and every industry will bring technology to increase its potential. By 2022, about 60% of businesses will focus on investing in 3rd generation platform technology, and over 30% will focus on self-development towards digital organizations (Digital-native) and use technology as a machine to drive business.

In addition, IDC also predicted that Digital Transformation will play an important role as a business tool. Approximately 20% of large organizations in Thailand will clearly define a strategy for creating Digital Transformation platform. Digital helper and bot will play a role of about 3% of all transactions, but will help increase value by about 10% of sales.

By 2020, Digital Transformation is expected to be used as the main tool in business competition. It is estimated that approximately 1 in 3 of the 500 largest companies in Thailand use digital services through an open API to help expand digital services beyond just their customers, and about 25% of new technical positions will need applicants with analytical and AI skills. Also, mobile payment trends are a payment brand. It is estimated that around 60% of consumers will not use cash to make payments and it is predicted that by 2021, 5G service will help drive more usage of internet of things (IoT) and will encourage about half of the 500 largest companies in Thailand to invest in connection management solutions worth over THB 200 million.

### **(3) Changes in consumer behavior from technology changes**

When the technology changes customer behavior naturally changes. Therefore, it is imperative that each organization must adjust their thinking and business methods, especially investment and development of information technology. At the same time, organizations must look for ways to expand technology, whether connecting products and services delivered directly to customers as well as creating value and marketing differentiation with new information technology innovations, in depth technology, including the creation of technology that can work closely to the human brain, such as AI, Big Data, Cloud, etc. These technologies will help organizations in Thailand 4.0 to create new "alternatives" for businesses to compete amid the fierce digital trade war.

In addition, the data is an important part of business success in Thailand 4.0, which each organization must prepare for the development of current information management systems to be efficient and focus on managing Big Data, which will play an important role in improving the efficiency of the core business processes, enhancing revenue and reducing operating costs. In addition, organizations expect the benefits of the Big Data to increase the capacity of advanced analytics for accurate predictions (Advanced Analytics and Predictive), which points out the business feasibility, expanding marketing strategies and evaluating consumer behavior correctly to meet changing consumer needs.

For new information technology innovations that occurred in the Thailand 4.0, affecting the change in consumer behavior are as follows:

1. **Blockchain** Blockchain is designed to create "Good security for the database" which can be applied to every business. Blockchain is a division of database storage by setting up a separate Ledger account. The activities that occur in transaction accounts will be saved in the form of data blocks, but will be compiled into one set of data. In the event that a problem occurs, the damage will be limited to only data block that transaction account without affecting other data blocks within the same account. This will help the business information system become more secure.
2. **Artificial Intelligence (AI)** Artificial Intelligence (AI) technology will help create business values in various dimensions, including supporting research and development of new innovations, forecasting various trends in the future more accurately, strengthening and improving production processes appropriately as well as increasing the efficiency of sales and marketing to the target group, which leads to creating a good customer experience for the products and services such as opening the convenience store without employees, medical robots to help patients with surgery or to work instead of humans in high-risk production processes. Business organizations that can apply AI to create new business innovations, is difficult to imitate and create a competitive advantage.
3. **Cloud** Cloud Computing helps business organizations access the performance of computers and applications through online and can organize and share technology resources to meet the needs and in accordance with the budget without investing on their own and studying technical knowledge. Business organizations that are well-equipped with budgets and personnel can choose to invest in building cloud service for their own. Smaller organizations are able to access technology that is as effective as large organizations by choosing public cloud services to start or expand business opportunities immediately.
4. **Internet of Things (IoT)** Internet of Things (IoT) is used to connect organizations with customers, partners and society by extending the network from the connection between basic equipment in the information technology system to the creation of the remote communication network with the internet ready to handle large amounts of data, which can seize and transfer data and transactions wirelessly to the target customers, providing customers with instant access to the information or services. On the other hand, organizations can use data from customer behavior to develop different types of products and services that meet customer needs. IDC predicts that in 2015 – 2020, the use of IoT technology in Thailand tend to grow by an average of 13.2% per year. While in 2019, Thai population will use an average of 2.2 devices using IoT technology per person.

When the rapid change in technology affects people and organizations (Disruptive) in both the ways of thinking, lifestyle and business processes, organizations in Thailand 4.0 must determine the goals of investment, development and utilization of technologies in all directions both to strengthen the current business and to prepare for emerging businesses in the future

## Market Competition

The information technology business has changed significantly in the past 2-3 years due to the development and application of information and communication technology in all aspects, together with the government policy that plans to make Thailand a full digital society. Therefore, both public and private sectors have to adapt to keep up with the changes in the future. Government agencies and private sectors need to plan investments in network infrastructure, development of data centers and information technology systems to support access, sending and receiving Big Data etc.

For information technology systems in Thailand, product owners who have products and services covering both wired and wireless networks, network security system and data center systems and become leaders in the market share are as follows Cisco, Huawei, Nokia Networks (Alcatel-Lucent) and HPE (Aruba). They conduct the business through business partners which IT companies can register with product owners to become a business partner. Business partners can sell products and services of product owners to customers. Since any of IT companies can register with product owners, there are many players in this business causing a high level of competition in the business.

## Major competitors of the Company in the business are summarized as follows

- 1) Huawei Products
  - Sky ICT Public Company Limited
  - Turnkey Communication Services Company Limited
  - G-Able Company Limited
- 2) Nokia Networks (Alcatel-Lucent)
  - Information and Communication Networks Public Company Limited
- 3) HPE (Aruba)
  - Yip In Tsoi Company Limited
  - G-Able Company Limited
  - Universal Information Technology Company Limited

- 4) Cisco
  - Datapro Computer Systems Company Limited
  - Dimension Data (Thailand) Limited
  - NetONE Network Solution Company Limited

However, the Company does not focus on price competition in the information technology business, but pay more attention to providing solutions that are suitable for customers' needs. In addition, the Company provides after sales service to ensure customer satisfaction and continuous relationships with customers. Besides, the Company is a business partner with Cisco, one of the leaders in the market share in this business, and the Company has also received Gold Certified Partner, which is the highest certificate that Cisco will grant to business partners in Thailand. This allows the Company to receive discounts on both product and services, and sales support. Therefore, the Company's competitors are limited to competitors who receive Gold Certified Partner from Cisco.

In Thailand, as of 31 December 2019, there are 11 companies that have received Gold Certified Partner as follows:

- Advance Information Technology Public Company Limited (AIT)
- Datapro Computer Systems Company Limited (DCS)
- Dimension Data (Thailand) Limited (Dimension Data)
- IBM Thailand Company Limited (IBM)
- MFEC Public Company Limited (MFEC)
- Metro Systems Corporation Public Company Limited (MSC)
- NEC Corporation (Thailand) Company Limited (NEC)
- NetONE Network Solution Company Limited (NETONE)
- Samart Corporation Public Company Limited (SAMART)
- Tangerine Company Limited (Tangerine)
- The Practical Solution Public Company Limited (TPS)

Competition in information technology systems can be separated into 3 levels according to the required capital for business operations as follows:

- 1) Large Project

For large projects, the required capital for business operations is worth 500 million baht or more. Most companies that can provide large-scale projects are listed companies or multinational companies. They are also the partners with international product manufacturers that can provide complete solutions and have strong financial position, such as Advance Information Technology Public Company Limited, Fujitsu System Business

(Thailand) Company Limited, IBM Thailand Company Limited, NEC Corporation (Thailand) Company Limited and Samart Corporation Public Company Limited etc.

## 2) Medium Project

For medium projects, the required capital for business operations is worth from 10 million baht to less than 500 million baht. The companies in this segment are partners with international product manufacturers, but have financial restrictions and limited potential to bidding on large projects, such as Datapro Computer Systems Company Limited and Dimension Data (Thailand) Limited etc.

## 3) Small Project

For small projects, the required capital for business operations is worth less than 10 million baht. Most companies in this segment are small. They are not the partners with product owners and have limited working capital.

The Company's direct competitors will be from small to medium-sized projects. The competition will focus on Gold Certified Partner from Cisco, since they will receive a special discount on products and services, resulting in a competitive advantage compared to competitors that do not have Gold Certified Partner.

Moreover, the Company focuses on providing products and solutions that are suitable for customers' needs. Therefore, designing, providing right solutions, after-sales services, on time delivery, experience and reliability of the company are considered as a competitive advantage when especially competing with small companies.

For the major competitors who provides consulting, design, procure, install and distribute products and equipment related to information technology for small to medium-sized projects, are Datapro Computer Systems Limited, Dimension Data (Thailand) Limited and NetOne Network Solution Company Limited.

# Sources of Supply

## 1. Procurement of equipment and products

The Company supplies products and equipment most customers with other services including design, system installation, maintenance, training and warranty. The Company selects products and services from Cisco for customers. The Company has received a Gold Certified Partner since 2010 (with a certificate review every year). Cisco is a worldwide leader in information technology systems with efficient Zero Downtime Management System.

From the nature of the information technology business model, product owners will not sell products and services directly to customers or vendors. They will sell products and services through distributors. The major domestic distributors of information technology products are as follows: VST ECS (Thailand) Company Limited, Synnex (Thailand) Public Company Limited and Ingram Micro (Thailand) Company Limited, etc.

However, in order to reduce the risk of relying solely on products from Cisco, the Company also uses network products and services from other leading manufacturers such as NetApp, Palo Alto Networks, Symantec, VMware, Fortinet, Dell EMC, Lenovo, Solarwinds and ManageEngine, etc. Cisco does not have terms or conditions to prohibit the Company from selling products and services from Cisco's competitors.

#### Comparison table of product selection from various hardware and software manufacturers

The company has selected hardware and software from leading manufacturers in order to meet customers' specifications and provide high satisfaction to customers. Each hardware and software manufacturer has different expertise in products and services of each solution. The Company can divided hardware and software according to the expertise of each manufacturer in the following table:

ผลิตภัณฑ์	Cisco	Fortinet	Palo Alto Networks	Symantec	HP	Dell EMC	NetApp	VMware	Solarwinds
<b>Hardware</b>									
Server	✓				✓	✓			
Storage					✓	✓	✓		
Network Security	✓	✓	✓	✓					
Wireless	✓								
Networking Devices and Router	✓								
Conference	✓								
P Phone	✓								
<b>Software</b>									
System Software	✓							✓	
Network Management	✓								✓

Source: Company Information

## 2. Procurement of services

In system integration, maintenance service agreement and other IT services business, the Company will outsource subcontracts to work on some projects that the Company has limited resources or higher operating costs. Most of outsourcing works are cabling services, labor intensive works and repetitive works. The subcontractor hired by the Company is a third party with no conflicts of interest. The company will employ subcontractors in accordance with the procurement rules and regulations. The purchasing department will consider quotations and select subcontractors from 2 or more participants.

## Environmental Impact

-None-

## Backlog

As of December 31 2020, the Company has the backlog in the amount of THB 306.99 million, which will gradually be recognized as revenue in 2021.

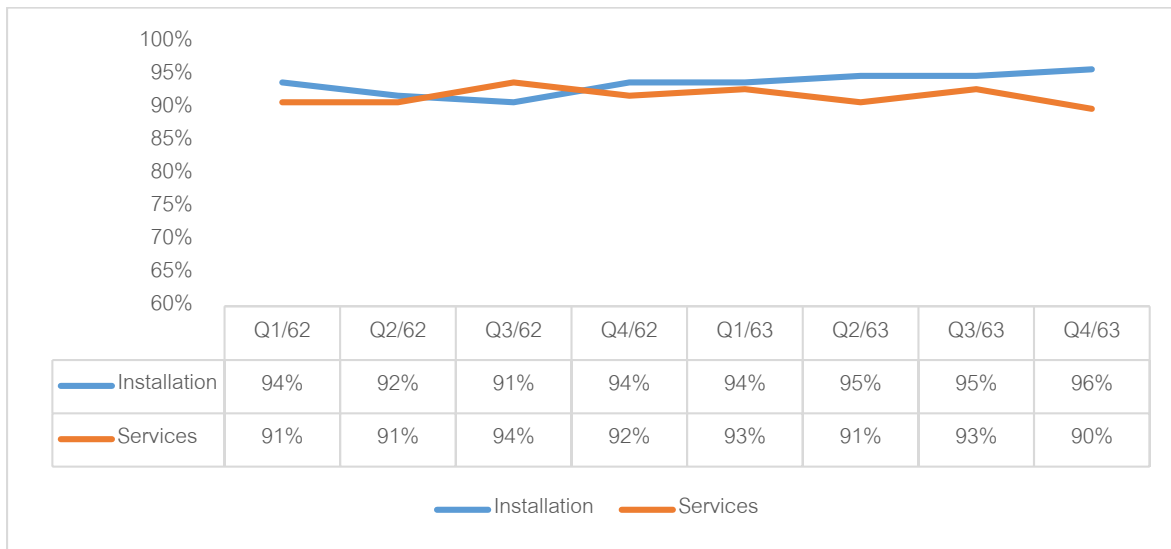


## Customer satisfaction survey

The Company places importance on customer satisfaction, when it comes to servicing customers, making it a key strategic approach to create competitive advantage. The Company regularly conducts a customer satisfaction survey every time after the installation is completed, then compile, analyse and summarize the report annually in order to make use of the survey results to improve and develop the Company's services for more efficiency. This feedback information is not only useful for developing and enhancing our services, but also attractive to various organizations who are our current customers to continue to use our quality service. The Company has summarized the findings of the customer satisfaction survey in the year 2020, with details as follows:

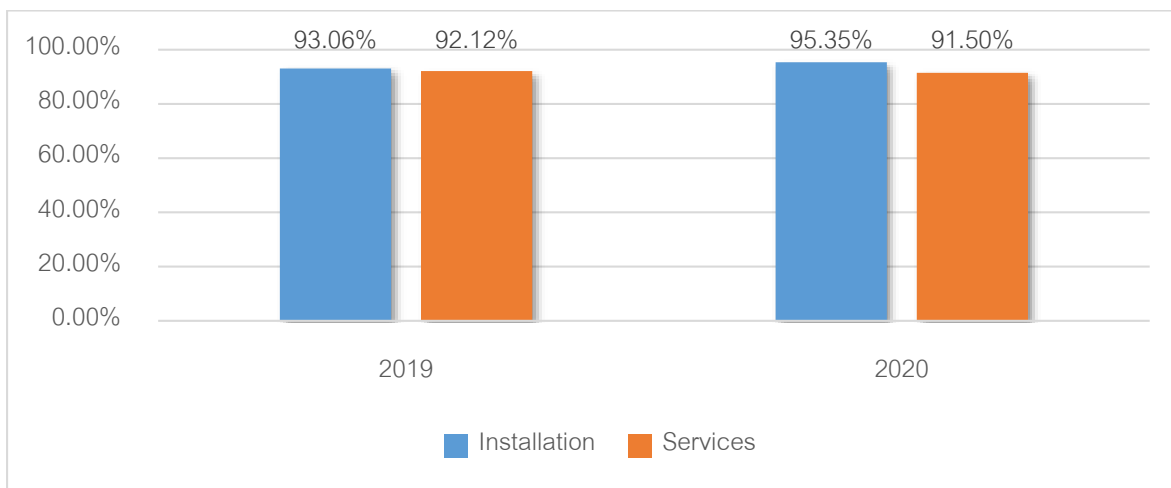
Type of work	Topic of satisfaction survey
Installation	Overview
	Sales and Marketing Department
	On-time delivery
	Efficiency of products and solutions
	Technical expertise of staff
Services	Overview of service
	Ease of contacting for assistance & support
	Duration of problem-solving
	Communication on status of problem-solving
	Efficiency of problem-solving or information received
	Knowledge & ability of technical staff

#### Quarterly satisfaction assessment results of installation & service, 2019 - 2020



From the first quarter of 2019 until the fourth quarter of 2020, the customers were satisfied with the Company's services, both the installation service and after-sales service which were consistently good, with average satisfactory level of 93.86% and 91.88%, respectively.

#### Annual satisfaction assessment results of installation & service, 2019 - 2020



For the whole year 2020, the customers continued to score good satisfaction rating with the company's installation work, with an increase to 95.35 percent compared to the average figure in 2019. As for the after-sales service, the average customer satisfaction level was 91.81 percent.

## Future Project

The Company plans to expand more comprehensive information technology services. Therefore, there are future project plans as follows.

### 1. Network Operation Center (NOC)

Aims to support the monitoring and movement of information technology systems in the customer's organization. It will provide services such as Network Monitoring, Incident Response, Email, Voice and Video, Performance Quality and Optimizing Reporting, Troubleshooting and Updating of Network Elements, Backup and Security Operations. NOC will increase another way of earning money from target customers which are government and private customers that have insufficient staffs. The Company will set up NOC at the new office building with an investment of approximately THB 6 million for various devices related to information technology systems. NOC is expected to use the funds from IPO. Currently, the Company has invested THB 2,000,087.67 in NOC. It is expected to be completed in June 2021.

### 2) Demo Data Center, Security & Collaboration

Aims to be used as a promotional tool to increase the opportunity to sell the company's products and services by allowing customers to see the actual systems and the efficiency of various systems. The Data Center consists of Power Management, Network Security, Physical Security and Collaboration to target both government and private customers. The Company will set up the center at the new office building with an investment of approximately THB 10 million for the equipment related to the system. The center is expected to use the funds from IPO. Currently, the Company has invested THB 4,893,488 in the Demo Data Center, Security & Collaboration. It is expected to be completed in June 2021.

## Legal Dispute

As of 31 December 2020, the Company has no legal dispute.

## Assets used in business operations

### Details of assets used in business operation

As of December 31, 2019 and December 31, 2020, the Company had assets used in business operations, with details as follows:

#### 1. Fixed Assets / Right-of-Use Assets

Details of assets	Nature of usage	Net book value as of December 31, 2019 (THB million)	Net book value as of December 31, 2020 (THB million)	Title of Ownership	Leverage / Guarantee limit
1. Land 1.1 Title Deed No. 41088, Ladyao subdistrict Chatuchak district, Bangkok 10900, area 399 sq.w.	Location of Office building	42.22	42.22	Ownership	Being used for mortgage to secure loan from a commercial bank, amount of THB 310 million
2. Office equipment	Being used in the office for the Company's business operations	4.67	6.23	Ownership	None
3. Office decoration items	Being used in the office for the Company's business operations	0.88	5.17	Ownership	None
4. Vehicles	Being used in the office for the Company's business operations	12.30	-	Hire purchase contract	None
		0.16	0.06	Ownership	None
5. Rights to use - Vehicles	Being used in the office for the Company's business operations	-	16.84	Hire purchase contract	None
6. Work under construction 6.1 Equipment during installation	Will be used in the office	2.24	4.51	Ownership	None
7. Building	Office for the Company's business operations	67.33	65.64	Ownership	Used for mortgage to secure loan from a commercial bank
8. Office renovation	Being used in the office for the Company's business operations	13.76	18.30	Ownership	None

Details of assets	Nature of usage	Net book value as of December 31, 2019 (THB million)	Net book value as of December 31, 2020 (THB million)	Title of Ownership	Leverage / Guarantee limit
9. Land enhancement	Being used in the office for the Company's business operations	1.57	4.10	Ownership	None
<b>Total property, building and equipment - Net</b>		<b>145.13</b>	<b>163.07</b>		

## 2. Intangible assets

Details of assets	Nature of usage	Net book value as of December 31, 2019 (THB million)	Net book value as of December 31, 2020 (THB million)	Title of Ownership	Leverage / Guarantee limit
1. Computer program	Using as a program for business operation	0.28	0.24	Ownership	None
<b>Total intangible assets</b>		<b>0.28</b>	<b>0.24</b>		

## 3. Office building lease agreement

Office building	Counterparty	Contract	Rental period	Details
Employee's lodging (renting a 2-storey commercial building, Chonburi province)	Ms. Kanyarat Wirakankam	a contract for renting a 2-storey commercial building	12 months Jul 1, 2020 to Jun 30, 2021	<u>Rental property:</u> 2-storey commercial building <u>Rental rate: rental fee</u> THB 6,300/month <u>Renewal conditions:</u> The Company has to give notice at least 30 days before the contract expiration date.

## Details about Company's Securities and Shareholders

### 1. Securities

As of 31 December 2020, the company has registered and paid-up capital of 140,000,000 Baht, 280,000,000 ordinary shares with a par value of 0.50 baht per share.

### 2. Shareholders

The major shareholder structure as of 15 January 2021 is summarized as follows.

List of Shareholders	Number of common shares	Percentage (%)
<b>1. Kitkasetsathaporn Family</b>	<b>144,511,000</b>	<b>51.61</b>
1.1 Mr. Bunsom Kitkasetsathaporn	105,500,000	37.68
1.2 Mrs. Jarunya Kitkasetsathaporn	16,600,000	5.93
1.3 Ms. Wipha Kitkasetsathaporn	120,000	0.04
1.4 Mrs. Wanna Lapsongphol	11,000,000	3.93
1.5 Mr. Pramuanchai Choonsa-Ad	10,000,000	3.57
1.6 Mr. Arr saetae	600,000	0.21
1.7 Ms. Uthaiwan Chunsard	500,000	0.18
1.8 Ms. Phoungphan Saetae	191,000	0.07
<b>2. Witawasiri Family</b>	<b>47,310,000</b>	<b>16.89</b>
2.1 Mr. Matee Witawasiri	30,000,000	10.71
2.2 Ms. Udomluck Jaisuekul	16,250,000	5.80
2.3 Mr. Prapat Witawasiri	950,000	0.34
2.4 Mr. Montree Witawasiri	110,000	0.04
<b>3. Mr. Weerachai Dejamorntham</b>	<b>7,001,800</b>	<b>2.50</b>
<b>4. Ms. Aumaporn Sengsui</b>	<b>6,473,000</b>	<b>2.31</b>
<b>5. Mr. Wannasorn Anuruckwongsri</b>	<b>5,432,200</b>	<b>1.94</b>
<b>6. Mr. Surachai Puttapornprasit</b>	<b>5,047,000</b>	<b>1.80</b>
<b>7. Mr. Chaiyachatr Vanichpak</b>	<b>2,480,000</b>	<b>0.89</b>
<b>8. Ms. Janchay Wetpanya</b>	<b>2,299,000</b>	<b>0.82</b>
<b>9. Mr. Nuttawut Jantarasittiphol</b>	<b>2,273,000</b>	<b>0.81</b>
<b>10. Mr. Thongchai Subin</b>	<b>2,020,400</b>	<b>0.72</b>
<b>Minor Shareholders</b>	<b>55,152,600</b>	<b>19.71</b>

### 3. Other Securities

-None-

### 4. Dividend Policy

The Company has dividend policy to pay dividend to shareholders at the rate of not less than 40% of net profit after tax and all reserves specified by law. Such dividend payments are subject to changes depending on necessity and other suitability as the Board of Directors deemed appropriate. The Company will consider operating results, cash flow, financial liquidity, financial position, investment plan, required working capital to managing and expanding the business, economic conditions and other factors. Annual dividend payout shall be approved by the Shareholders' Meeting, except interim dividend which may be approved by the Board of Directors occasionally when the Company's profit allows to do so. In such case, the interim dividend payout shall be reported to the next Shareholders' Meeting.

# Enterprise Risk Management Policy

## 1. Overview

The Practical Solution Public Company Limited ("the Company") realizes that risk management is an integral part of good corporate governance, which is the basis to help achieve the Company's objectives. Identifying and managing risks help companies make better decisions, and foresee opportunities, as well as being able to mitigate the impact from significant events that may occur to shareholders. Risk means the chance of an event that might happen and affect the Company's objectives. The risks can be measured from the impact and probability that will occur.

## 2. Objectives

Risk Management Policy ("This Policy") has the following objectives.

- 1) To set up a harmonious operational framework for the Company's risk management process to be implemented enterprise-wide
- 2) To ensure that such risk control duties & responsibilities are properly specified

## 3. Scope

This Policy is applicable to each and every operation, including management and all employees of the Company.

## 4. Risk Management Policy

1) The Company operates its business under acceptable risk to achieve the Company's objectives and meet the expectations of the stakeholders, by specifying that the risk management be a part of the preparation of the annual business plan, the day-to-day management and decision-making, including management process of various projects.

2) All management and employees of the Company are risk owners, responsible for identifying and assessing the risks of the department under responsibility, including setting appropriate measures to manage risks.

3) The risks that affect the achievement of all of the Company's objectives must be managed as follows:



- Identify risks in a timely manner.
  - Assess the probability of risks and impact if such events occur.
  - Manage risks in accordance with the set risk management criteria, taking into consideration the costs involved and the benefits that will be derived from managing such risks.
  - Monitor & supervise to ensure that the Company's risks are properly managed.
- 4) The risks that may affect the Company's business plan and strategy which are all considered high-level and very high-level risks must be reported to the Executive Committee, Audit Committee and the Board of Directors for acknowledgement.

## 5. Responsibilities

- 1) The Board of Directors (BoD) has overall duties & responsibilities to regulate & supervise the risk management within the Company.
- 2) The Audit Committee supports the BoD in performing risk management duties by reviewing to ensure that the risk management system is appropriate and effective.
- 3) The Executive Committee is responsible for considering & reviewing the Company's risk management and internal control system.
- 4) The Chief Executive Officer (CEO) has duties and responsibilities to implement this Policy and regulate & supervise them to ensure continuous practice via the Risk Management Working Group consisting of executives from the main departments of the Company having the CEO as Chairman with the following members:

Position in the organization	Position in the Risk Management Working Group
Chief Executive Officer	Chairman of the Risk Management Working Group
Executive Vice President - Accounting and Finance	Vice Chairman of the Risk Management Working Group
Executive Vice President - Sales	Vice Chairman of the Risk Management Working Group
Senior Executive Vice President - Operations	Vice Chairman of the Risk Management Working Group
Executive Vice President - Operations	Vice Chairman of the Risk Management Working
Director of Technical Support (Team A)	Secretary of the Risk Management Working Group
Director of Technical Support (Team B)	Risk Management Working Group
Director of Customer Service	Risk Management Working Group
Sales Director	Risk Management Working Group
Assistant Director of Accounting	Risk Management Working Group
Assistant Director of Finance	Risk Management Working Group
Internal Audit Department	Observer

5) The Risk Management Working Group is responsible for ensuring that the major business risks are identified and evaluated regularly, including specifying effective risk management measures, with responsibility for the following matters:

- Set up a risk management policy, risk management strategy & measures in order to propose to the Board of Directors for consideration and approval.
- Consider & review the risks and guidelines for managing the Company's risks as already assessed by the risk owners, as well as providing recommendations for improvements.
- Regulate & supervise the effectiveness of the Company's risk management process, by continuous follow-ups and reviews.
- Report high-level risks and very high-level risks to be acknowledged by the CEO, Executive Committee, Audit Committee and the BoD.
- Regularly review this Policy.

6) The Internal Audit Department is responsible for reviewing the effectiveness of the internal control to pass the annual internal audits which is a review of important business processes based on risk factors, as well as following up on improvements of the areas that need to be improved. Internal Audit Manager has the duty to attend and observe the meeting and is able to comment on the effectiveness of the internal control system and risk management at the meeting, but has no voting rights.

7) All executives and employees have the responsibility to identify, analyze, assess and prioritize the risks of their respective departments, including setting appropriate measures for risk management.

8) All executives and employees are responsible for implementing the risk management measures specified by the Working Group. Reporting the results of the implementation of risk management measures shall be considered as part of the job duties, and all employees must communicate appropriately and promptly to the Working Group if there are obstacles to the implementation of the set risk management plan.

## 6. Risk Management Process

The Company has a policy to manage various risks that affect the Company by considering both internal and external factors so that the risk remains at an acceptable level and is suitable. The Company's management has established the corporate risk management process as follows:

### 6.1 Setting objectives

Enterprise risk management starting from identifying risks, assessing risks, to formulating risk management measures is carried out to enable the organization to achieve results in the missions, objectives and goals specified under the principle that the Company will operate its business under the principle of good corporate governance, vision and corporate values only.

## 6.2 Determining the level of risk appetite

Risk appetite level is the scope that the management determines the level of scope of the decisions and the impact of the decisions acceptable by the certainty that within such scope the organization can still operate sustainably and achieve the set objectives.

Risk appetite level may be defined as wordings or a message that has been shown to executives and related persons for acknowledgment and with the same understanding. The risk appetite level should also comply with the risk assessment criteria shown in Section 6.4.

## 6.3 Identifying risks

Risk management process must have a regular review and consideration of all aspects of risk factors, both internal and external, inclusively covering strategic risk, financial risk, administrative risk, legal compliance risk, information technology (IT) risk and other operational risks as well as corruption risk. The Company has categorized the risk groups that need to be considered, as follows:

Table 1 shows the basic risk groups

Risk groups	Definition
Strategic risk	<ul style="list-style-type: none"> <li>- Risk of wrong execution of the strategic plan, such as inability of conducting M&amp;A according to business plan</li> <li>- Risk of making mistakes such as investment, time, resources that should be used in other areas</li> <li>- Risk of damage from disruption or replacement of products</li> <li>- Risk of damage from the return on investment not meeting the target</li> <li>- Risk of damage from project implementation in terms of time, quality and budget</li> </ul>
Supply chain risk	<ul style="list-style-type: none"> <li>- Risk of damage from the shortage / inaccessibility of the necessary resources</li> <li>- Risk of damage due to lack of necessary competent personnel</li> </ul>
Human resource risk	<ul style="list-style-type: none"> <li>- Risk of damage due to lack of necessary competent personnel</li> <li>- Risk of excessive losses in operations, or inefficient use of the property</li> </ul>
Operational risk	<ul style="list-style-type: none"> <li>- Risk of cost damage higher than that of competitors: raw materials, labor, expenses, time</li> <li>- Risk of excessive losses in operations or inefficient use of the property</li> </ul>
Reporting risk	<ul style="list-style-type: none"> <li>- Risk of loss from wrong decision-making or lack of information for decision making</li> <li>- Risk of damage due to leak of important information</li> </ul>
Fraud risk	<ul style="list-style-type: none"> <li>- Risk of damage from giving and receiving bribe</li> <li>- Risk of damage from improper use of corporate assets / stealing</li> </ul>

Risk groups	Definition
	<ul style="list-style-type: none"> <li>- Risk of damage from intention of tampering / covering up of financial statements and reports</li> </ul>
Financial risk	<ul style="list-style-type: none"> <li>- Risk of damage resulting from not receiving payment</li> <li>- Risk of damage from financial cost higher than that of competitors</li> <li>- Risk of damage due to lack of liquidity</li> </ul>
IT risk	<ul style="list-style-type: none"> <li>- Risk of damage from unauthorized access to information systems</li> <li>- Risk of damage from computer access without permission</li> <li>- Risk of damage in the development of information systems not meeting the purpose</li> <li>- Risk of damage due to the inability to recover the information system in the specified time</li> </ul>
Disaster and uncontrollable risk	<ul style="list-style-type: none"> <li>- Risk of damage from natural disasters</li> <li>- Risk of damage from crime</li> <li>- Risk of damage from other external factors such as politics, economy, etc.</li> </ul>
Reputational risk	<ul style="list-style-type: none"> <li>- Risk of damage to reputation and social acceptance</li> </ul>
Customer satisfaction risk	<ul style="list-style-type: none"> <li>- Risk of damage from non-standard products or service quality</li> <li>- Risk of damage from failure to comply with the customer agreement</li> </ul>
Compliance risk	<ul style="list-style-type: none"> <li>- Risk of damage from unlawful practice</li> </ul>

In this regard, for risk management to be carried out effectively, the organization is required to identify the cause of the risk. Identifying risks and causes can be done by using tools and operating methods such as

- Joint meeting to discuss and exchange ideas (Brainstorming)
- Use of information from experts together with external auditors and internal auditors e.g. internal auditors report, etc.
- Opinion poll
- Use of statistical data e.g. product return statistics, etc.
- Use of tools to analyze problems e.g. Fish-bone diagram, or Five whys Analysis, etc.

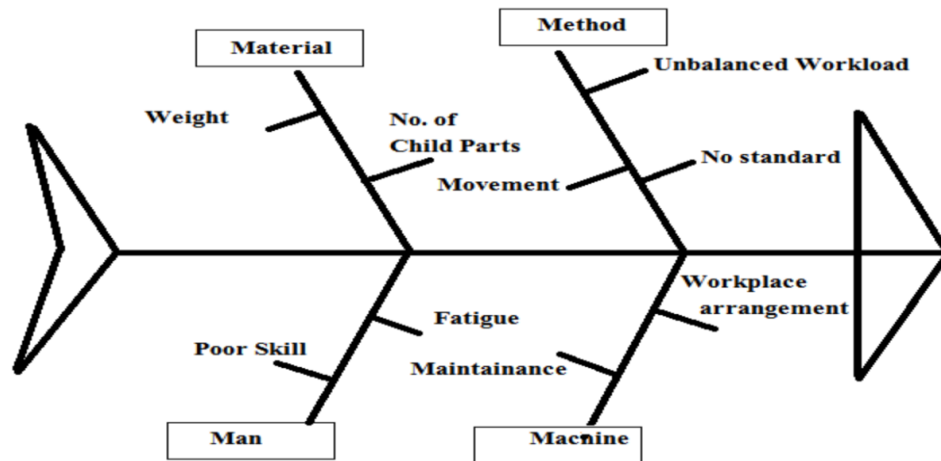


Chart 1: Sample of using a Fishbone diagram to analyze the causes of risks

#### 6.4 Risk level assessment and acceptable risk appetite levels

Risk assessment is determined from likelihood and impact if the risk occurs by using calculations:  $\text{risk level} = \text{impact} \times \text{likelihood}$ . The acceptable risk appetite level is a level of risk with risk value ranging from level 1 to 8, while a risk value of 9 or higher is a risk that the Company must deal with urgently.



Chart 2 shows the acceptable risk appetite level (blue line)

From the chart above, Risks 2, 3 and 4 are considered acceptable appetite levels of risks. Risk 2 is the risk that the company has to be on alert, while Risk 1 is a critical risk that the Company must take action to quickly reduce the likelihood or impact to an acceptable level.

Table 2 shows the degree of impact

Level	Impact details
4	<ul style="list-style-type: none"> <li>• Loss of competitiveness and may not be able to continue the business operation</li> <li>• Loss of property, personnel and resources indirectly in the amount of THB 5,000,000 or more, or causing interruption of operation for more than 1 day</li> <li>• Information in the information system is materially inaccurate and detected, e.g. inaccurate financial statements and being fined by the government agency</li> <li>• Damage from THB 5,000,000 up</li> <li>• The Company has been criticized by the press and social media for more than 5 days or questioned by government agencies.</li> <li>• Losing important customers, accounted for a sales amount of THB 5,000,001 or more</li> <li>• The Company was prosecuted until it was unable to continue its business.</li> </ul>
3	<ul style="list-style-type: none"> <li>• Loss of competitiveness that affects market share and customers resulting in lower-than-expected growth of 10% or more.</li> <li>• Loss of property and resources indirectly from THB 500,000 – THB 5,000,000 or causing 8-hour interruption of operation</li> <li>• Information in the information system is significantly inaccurate but can fix or can clarify</li> </ul>
2	<ul style="list-style-type: none"> <li>• Loss of competitiveness, affecting market share and customers, resulting in lower-than-expected growth from 1-10%</li> <li>• Loss of assets and resources indirectly in the amount ranging from THB 100,000 - THB 500,000 or interruption of operation for 4 hours</li> <li>• • Information in the information system is significantly inaccurate and has been detected by internal personnel.</li> <li>• Damage ranging from THB 100,000 – THB 500,000</li> <li>• The Company has been reported in the press and social media from 1-3 days.</li> <li>• Losing important customers for the amount of sales from THB 100,000 - THB 500,000</li> <li>• The Company was prosecuted until the business had to cease 1-3 days, or received a fine of THB 100,000 - THB 500,000.</li> </ul>
1	<ul style="list-style-type: none"> <li>• Slightly lost competitiveness</li> <li>• Loss of property and resources indirectly equal to less than THB 100,000</li> <li>• The information in the information system is slightly inaccurate.</li> <li>• Damage is less than THB 100,000.</li> <li>• The Company has received complaints from villagers in the nearby area or people who have been affected.</li> <li>• Received notification of order cancellation, and reduced debt for customers less than THB 100,000</li> <li>• The Company was fined for less than THB 100,000.</li> </ul>

Table 3 shows the frequency levels

Frequency	Annual Frequency	Probability	Loophole
4	Frequent: occurs every month	Almost certain: chance of occurrence 90% up	Having no preventive measures to support or solve problems
3	Likely: occurs quarterly	Likely: chance of occurrence 65% - 90%	Having measures to prevent risks but insufficient or ineffective
2	Possible: occurs every half- year	Possible: chance of occurrence 35% - 65%	Having measures to prevent risks sufficiently and effectively at a certain level
1	Unlikely: occurs every year or more often	Unlikely: chance of occurrence 1% - 35%	Having measures to prevent risks sufficiently and effectively, very reliable

## 7. Meeting of the Risk Management Working Group and preparation of risk management reports

The Risk Management Working Group has the duty to organize meetings to monitor the results of risk management, and to review the appropriateness of the risk management plan and joint risk management processes. The meeting will be held every quarter. The secretary of the Working Group is responsible for recording the minutes of the meeting.

In addition to the minutes of the meeting, the secretary and Working Group members are also responsible for preparing risk management reports to be presented to the Chief Executive Officer for approval.

## Risk Factors

- Risk from relying on the owner of the main product and not receiving the renewal of the business partner contract from the main owner, Cisco

The Company has been appointed as a business partner from the product owner, which is an important factor in business operations. Generally, the term of the business partner contract is approximately 6 months to 1 year and the contract will be renewed every 6 months or every year if the Company can comply with the agreement with the product owner. Therefore, if the product owner changes the conditions or the renewal of a business partner contract is not possible, which may be caused by the Company unable to comply with product owner agreements, it may affect income and the Company's profits.

Currently, the Company has a business partner agreement with product owners from Cisco, NetApp, Palo Alto Networks, Symantec, VMware and Fortinet. The Company is not a sole authorized agent in Thailand to buy the products. The Company will receive various benefits such as discounts on product purchases, marketing support, training and sales promotion etc.

The important agreement that may have an impact on the Company's operations if not renewed is Gold Certified Partner with Cisco. The Cisco products are the Company's primary product. Therefore, if Cisco withdraws its business partnership, it may affect the Company's competitiveness and performance significantly because Cisco products are well accepted by customers and have high market share. Therefore, in order that the Company can continue Cisco Gold Certified Partner, the Company must comply with key conditions. The Company must have at least 4 CCIE experts and must be Specialization at least 4 solutions. In the past, the Company has always been able to comply with the conditions in the agreement. As of 31 December 2020, the Company has 6 CCIE experts and has Specialization in 4 solutions.

However, the Company expects that the chance of not getting a business partner agreement from Cisco is very small. In the past, the Company has been able to maintain the qualifications and conditions of being a business partner of Cisco for over 10 years. Therefore, the Company has the knowledge and understanding with ability to consistently comply with agreements. The Company has always maintained a good relationship with Cisco. The Company is confident that it will continue to renew its partnership with Cisco.

The Company has been appointed as a distributor from other product owners as of 31 December, 2020 with a total of 5 companies including NetApp, Palo Alto Networks, Symantec, VMware and Fortinet. The Company has the opportunity to become a business partner with additional product owners in the future



in order to diversify the risk if the contract of business partnership is not renewed by some product owners. In addition, if there is a force majeure that may cause the Company is canceled or not renewed contract from Cisco, the Company needs to switch to other partners, the Company believes that the Company's engineers are able to change to provide services for other products within the period of not more than 3 months.

- **Risk relating to dependency on major suppliers**

The Company provides consulting, design, procure, install and distribute products and equipment related to information technology, so the Company has ordered various devices from an authorized dealer in Thailand. The Company sells Server, Storage, Network Security, Wireless, Networking Devices, Router, Conference System and IP Phone. Therefore, the Company is at risk relating to dependency on suppliers to procure products and services. If there is an event that the suppliers are unable to supply or deliver products or equipment required to provide the Company services in time, it may affect the Company's operations.

However, the Company is a trading partner of one of the leading information technology distributor for more than 12 years and has maintained a good relationship consistly. It is confident that suppliers can procure and deliver products within the specified time. In addition, the Company has procured and ordered products from other suppliers in order to reduce the risk of dependency on one supplier.

- **Risk relating to dependency on major customers**

The Company's main revenues come from consulting, design, procure, install and distribute products and equipment related to information technology to major customers in both public and private organizations. Due to the nature of the Company's business, most of the projects are proposing quotations or bidding for government projects. If the Company win the bidding or being selected for a large project, it may affect the Company's revenues significantly.

The Company realizes the risk of relying on major customers. Therefore the Company tried to expand its customer base to diversify the risk including expanding the service to Maintenance Agreement (MA) which can generate stable revenue. MA helps the Company to reduce the impact of the uncertainty of revenue from projects which depends on the ability to win the bidding and budgeting from government and private agencies. From the past track record, the Company is acceptable by private clients because the Company is able to provide services to meet customer requirement and deadline and also able to comply with various conditions from customers. In addition, The Company is a business partner with a well-known international product owner, thus the Company can offer quality products and services to meet the standards

and price that is suitable for the budget of the customers. The Company also provides great after-sales service in order to continually create relationships with customers.

- **Risk relating to change of technology**

The nature of the Company's business is related to technology that changes rapidly and improves continuously in order to support the continuously increasing demand of consumer data communication. If the Company is unable to track and adjust to the technology change in order to offer advance and efficient products and services, the customers may turn to use services with other operators. This may decrease the number of customers and the company's total revenues along with the risk from the decrease in product value if the Company cannot sell outdated products.

The Company has guidelines to reduce the risk from changes in technology by closely monitoring news and changes in industry related to business and adapting to keep up the changes including offering products and services in the trend in order to avoid any potential opportunity loss, or loss of its competitiveness. In addition, the Company encourages its engineers and sales and marketing people, to regularly monitor technological developments and to attend seminars to stay at the top of their game, including searching for suitable products and equipment to provide advance services to support changes. Apart from publicly available information, the Company works closely with its partners to clearly understand all aspects of developments in the target markets and key technology areas.

- **Risk relating to dependency on key management**

The Company started the business by Mr. Bunsom Kitkasetsathaporn and Mr. Matee Witawasiri in 2007. Both of them are executives with knowledge and expertise in technology for over 20 years. They also have good relationships with both suppliers and customers. In addition, both executives also understand the nature of the Company. From these reasons, both executives are able to drive the Company to have consistently good performance. Therefore, if there is a change in management, it may affect the Company.

However, both executives are major shareholders. They have policies and guidelines for managing the Company to grow continuously in the long run. In addition, the Company still has a policy to improve the knowledge and ability of employees to inherit the management position. This can help reducing the risk from dependency on key management.

- **Risk relating to dependency on key employees**

The information and communication technology business highly depend on qualified human resources in terms of engineering and project operation, because they have to be a consultant and receive customer requirements in order to design the system to meet customer requirements, including procurement and installation of equipment, testing and system maintenance. All of these tasks require skills, expertise and experience of engineers. Therefore, if the engineers resign or the company doesn't have enough engineers for operations, it may affect the Company's business.

In order to reduce the risk, the Company has a policy of providing compensation and benefits that are comparable to other companies in the same industry, including providing ongoing training and knowledge to motivate and retain engineers to work with the Company in the long term. The Company also has a plan to continuously recruit engineers to support the expansion of the business or promptly replace resigned engineer.

- **Risk relating to late delivery and fines**

The Company has a policy to focus on selling products and services to maximize customer satisfaction by delivering quality products and services on time. Normally, the projects from the beginning until the completion and delivering to the customers last an average of 3 – 6 months. If the Company is unable to operate and deliver the project as specified in the contract, the Company may have to pay fines to customers as agreed in the contract. This will result in the Company to have higher costs and expenses and affecting the Company's gross profit margin including affecting the image and credibility of the Company.

For products and services projects of both government and private companies, if the Company is unable to supply products for customers in time as specified in the contract, there will be a daily fine of approximately 0.1 – 0.2 percent of the value of products and services. For maintenance agreement project, if the equipment or system fails more than the specific hour in each month, there will be an hourly fine as specified in the contract.

However, if the company has hired subcontractors for any projects, the Company can negotiate to collect fines from subcontractors when the late delivery is caused by subcontractors.

The Company has a risk prevention system for project operations and delivery by specifying methods of working on various projects systematically with discussions, coordination and planning between all relevant parties, including customers, product suppliers and all employees involved etc. The Company also has periodic monitoring and inspection of project delivery in order to operate and deliver the project as

planned. In addition, the Company has developed software within the organization to assist in the management and control of the project, strengthen systems and work standards to help reducing the risks from these factors.

- **Risk relating to instability of revenue**

The Company provides consulting, design, procure, install and distribute products and equipment related to information technology which has the main revenues based on the project as follows: (1) Revenues from System Integrator and (2) Revenues from Other IT Services. Revenues from most projects are generated in accordance with the client's investment plan. Therefore, if customers delay the investment in information technology, it may affect the Company's performance. In addition, the ability to win the bidding, finding new customers and maintaining the existing customer base are important factors that affect revenue instability. To mitigate the risk, the Company focuses on increasing the revenue proportion from Maintenance Agreement (MA) which has more consistent revenue than the revenue from the project. MA increase more continuous income to the Company since the agreement has the tenor between 1 – 5 years, which helps the Company's to stabilize revenue.

- **Risk relating to foreign exchange rate risk**

The nature of business is to provide consulting, design, procure, install and distribute products and equipment related to information technology. It is necessary to order products and services from partners with foreign product owners and directly from foreign product owners. In addition, The Company has revenues from selling products and services to customers located in foreign countries. Therefore, the Company will receive revenues from sales and services in foreign currency, while the Company's income is in Thai Baht currency, thus the Company will have the risk from fluctuation in foreign exchange rate, which may affect the performance and profit margin. However, the Company prevents the risk of exchange rates by including an allowance for exchange rate fluctuations in the calculation of costs of goods and services for determining sales prices to support the risk of exchange rate fluctuation.

# Sustainable Business Drive

## Corporate Social Responsibilities

The Company operates its business under a framework of good governance, transparency, and accountability, with the determination to develop the business in parallel with balancing the economy, society and environment. The Company is committed to be Good Corporate Citizen for sustainable business growth under Corporate Social Responsibilities based on ethics and good corporate governance principles, as well as creating effective returns for shareholders by considering the impact of business operations on stakeholders in all aspects.

### 1. Overview Policy

The Practical Solution Public Company Limited has a primary mission of conducting business under a framework of good ethics and good governance, transparency and accountability in accordance with the principles of corporate social responsibility of the business determined by the Stock Exchange of Thailand. The Company is also aware of the importance of operating a sustainable business growth under Corporate Social Responsibilities by focusing on the operation of business with care for stakeholders, economy, society and environment with morality and ethics. Conducting business under social responsibility will bring benefits to the public along with the growth of the Company concurrently.

In this regard, the Company has established a social responsibility policy which is divided into social operations or environmental activities which are part of normal business operations (in-process) and social and environmental activities that are outside of normal business operations. (after-process)

### 2. Operation and Report Preparation

#### CSR in-process

The Company has a policy regarding social and environmental responsibility as part of its business operations, with details as follows:

#### 1) Fair Business Operation

The Company is committed to conducting business with honesty, fairness, transparency, disclosure of important information and can be audited as well as determined to compete equally by following the relevant laws, regulations and international code of business ethics, including rejecting any

behavior that prevents fair competition, such as seeking confidential information of competitors, accepting and providing any benefits for dishonest trade, etc.

## 2) Anti-Corruption

The Company has managed the business on the basis of transparency, ethics, adhering to the principles of corporate governance and compliance with laws related to prevention and anti-corruption, including bribery to government officials or private sector. The Company has established an organizational structure that clearly separates duties, responsibilities, work processes, and chain of command in each department to balance the power and tighten the inspection. In addition, the Company has set guidelines for the Company's directors, executives and employees including subsidiaries as follows:

2.1) Directors, executives, and employees of the Company are prohibited from conducting or accepting or supporting corruption of all forms, both direct and indirect. This also applies to the subsidiaries. Compliance with the anti-corruption policy shall be reviewed on a regular basis.

2.2) Executives and employees of the Company shall report any actions that are considered corruption which may be negatively affected the Company by reporting to the supervisor or responsible person via the specified reporting channels and the employees shall cooperate in the investigation.

2.3) The Company will provide fairness and protection to whistleblowers, including those who cooperate in reporting and in the process of fraud investigation.

2.4) The Board of Directors has a duty and responsibility to set policies and supervise to provide an efficient anti-corruption system to ensure that the management realizes and gives importance to anti-corruption and cultivate a good corporate culture.

2.5) Persons who commit corruption shall be subject to disciplinary consideration in accordance with the regulations of the Company and may be punished by law if the act is illegal.

2.6) The Company communicates anti-corruption policy to all departments in the Company through various channels such as training for internal communication systems for the concerned parties to acknowledge and implement the policy etc.

\*\* Announced anti-corruption policy ([www.thepractical.co.th](http://www.thepractical.co.th))



2.7) The Company has established a channel for reporting clues by promoting various communication channels so that employees and relevant parties can report suspicious clues and provide measures to protect the whistleblowers by concealing the identity of the whistleblower and to avoid unfair penalties or transfers, including appointment of inspectors to monitor all clues that have been reported.

2.8) The Company encourages suppliers, trade partners, or other parties to perform duties related to the Company to report a violation of the Company's anti-corruption policy.

2.9) The Company has a policy for recruiting or selecting personnel, promotion, training, performance appraisal, and determination of remuneration for employees of the Company with fairness and sufficiency to prevent corruption within the organization and to create security for the employees of the Company.

2.10) The Company has established the disbursement and procurement regulations by setting approval authority limits for operations and entering various transactions of the Company. The purpose of the transaction and the recipients must have clear documents and evidence and determine approval authority limits for each level.

2.11) The Board of Directors, executives and employees of the Company must act with caution and clear inspection for operating high risk of corruption in the following matters.

2.11.1) Giving or accepting gifts and entertainment must be transparent, legal, in accordance with normal trade practices or traditions in the appropriate price.

2.11.2) Giving or receiving donations or grants must be transparent and legal to ensure that giving or receiving such donations or grants does not conceal bribery.

2.11.3) In conducting business, contacting, negotiating, bidding, and other operations with government or private agencies must be transparent and legal.

In addition, the Company's directors, executives and employees must not give or receive bribes at all stages of the business operation.

The Company has policy to encourage our business partners and stakeholders to realize about anti-corruption by announcing through various channels including protecting and caring about corruption in the organization. The company never received any complaints about employees' action that leads to corruption in both of inside and outside the organization.



On 23<sup>rd</sup> December 2020, the company has announced “No Gift Policy”. The Company asking all employees for do not received anything from Vendor, Partner, and including Distributor. By following good governance to declare our company honesty.

\*\* Announced No Gift Policy: requesting cooperation not to give or receive gifts, entertain, or any other benefits



([www.thepractical.co.th](http://www.thepractical.co.th))

### 3) Respect to Human Rights

The Company realizes the importance of human rights as the foundation of human resource development which is strongly related to creating value in our business. This includes fair and equitable treatment of labor without discrimination based on race, religion, sex, color, ethnicity and actions against child labor and sexual harassment. In addition, the Company has promoted the monitoring of human rights compliance by providing participation in expressing opinions and channel to complaining for those who have suffered due to infringement of rights arising from the Company's business operations and take appropriate remedies.

### 4) Fair Treatment to Labor

The Company is aware of the importance of human resource development and fair treatment to labor. This will increase the value of the business and enhance the competitiveness and sustainable growth of the Company in the future. The Company creates policies and guidelines as follows:

4.1) Respect the rights of employees in accordance with human rights principles and comply with labor laws.

4.2) Establish a fair employment process and conditions, including determining compensation and consideration of merit under a fair evaluation process.

4.3) Promote human resource development by arranging training seminars, including sending employees to participate in academic training in various fields in order to develop knowledge, capabilities and potential, including good attitude, morality, ethics and teamwork. In addition, the Company also supports the development of organization and human resources by focusing on efficient work processes, clear defining roles and duties, determining suitable remuneration, developing systems for evaluating and increasing employee performance.

4.4) Provide various benefits for employees as required by law, such as social security etc. and beyond the law, such as health insurance and accident insurance, etc. including providing various types of grants to employees, such as funeral expenses etc.



(4.5) Ensure employees to work safely with good hygiene in the workplace by providing measures to prevent accidents and strengthen employees' awareness of safety, including training, promoting and maintaining hygiene workplace.

(4.6) Open the opportunity for employees to express opinions or make complaints about unfair practices or wrong action in the Company, as well as to protect employees reporting such matters.

## **5) Responsibility to Customers**

The Company is committed to developing its products and services and subsidiaries for the highest satisfaction and benefit of the customers and to treating customers with responsibility, honesty and attention to customers as follows:

5.1) The Company considers the quality and standard of products and production efficiency by focusing on manufacturing safe products to meet international standards, as well as developing service systems for customers to receive the quality services and the highest satisfaction.

5.2) The Company is committed to fair marketing by having a policy of providing customers with correct information about its products and services without distorting, ambiguous, or exaggerated advertisements so that customers will have accurate and sufficient information to make decisions.

5.3) The Company considers the safety of customers and intend to providing customers with quality products and services and safety in accordance with international safety standards and regulations as required by law, including designing, creating and developing products and services on a regular basis so that customers are confident in the quality, standards and safety of the Company's products and services.

5.4) The Company has established a customer relationship system for use in communicating with customers, including receiving complaints about the quality of products and services in order to respond to customer needs promptly.

5.5) The Company will keep customer information confidential and will not misuse the information from customers.

## **6) Caring for the Environment**

The Company gives priority to social responsibility in protecting the environment by operating and controlling the production of products and services of the Company to strictly comply with laws related to environmental preservation. In the past, the Company has managed the business with regard to environmental safety. In addition, the Company also places importance on the management of natural resources for maximum efficiency.

## 7) Community or Social Development

The Company realizes its responsibility to the community and society. The Company has a policy to operate a business that is beneficial to the economy and society and adheres to being a good citizen as well as fully complying with relevant laws and regulations. The Company is committed to develop, promote and enhance the quality of life of society and community in the neighborhood along with the growth of the Company in order to strengthen the community and truly return to society.

In addition, the Company has a business policy under environmental standards, with production systems and operations that use resources and energy efficiently, have controls to prevent environmental pollution, as well as implement environmental management systematically with follow up, evaluate, and review for continuous development.

## 3. CSR-after-process

The Company has conducted activities for the benefit of society and the environment in the past as follows:

- Social responsibility projects in line with the national strategy in accordance with the SDGs principles

The Company has operated the business on the basis of good governance in accordance with the United Nations Global Compact, focusing on integrity, transparency, along with social, environmental and human rights responsibilities to achieve the 17 Sustainable Development Goals. These goals are linked to the 20-year National Strategy of the 12th National Economic and Social Development Plan and are also included in the Constitution in accordance with Article 65 that the national strategy has to include sustainable development as well. Therefore, the Company believes that only organizations that strive to create innovation for sustainability and act responsibly can grow as future leaders.

Samples of social initiatives in 2020 that met 17 SDGs and were in line with some of the national strategies are as follows:



## SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



The 17 Goals Reference sustainable Development Goals (SDGs)

1. Eliminate Poverty
2. Eliminate Starvation
3. Good health and well-being
4. Education Equality
5. Gender Equality
6. Water and Sanitation Management
7. Clean Energy
8. Employment and Economic Growth
9. Infrastructure and Innovation
10. Reduce Inequality
11. Sustainable Cities and Communities
12. Sustainable Consumption and Production plans
13. Tackling Climate Change
14. Utilization of Oceans and Marine Resources
15. Utilization of Terrestrial ecosystem
16. Peaceful, fair, Non-Discriminatory Society
17. Cooperation for Sustainable Development



- Social Development



TPS employees gathered together to donate food, consumer goods and medicines to the Health Service Center 10 (Sukhumvit), and Health Service Center 32 (Marit Tintamusik) so they can further donate to the needy patients.

*Photo showing the atmosphere*



July 3, 2020



TPS employees donated food, consumer goods and medicines to Health Center 24 (Bangkhen), the Mirror Foundation, and Sri Bun Yuen Community (Bangsue) for future use.

*Photo showing the atmosphere*



\*\* Health Service Center 24  
(Bangkhen)



\*\* The Mirror Foundation

**\*\* Si Bun Yuen  
Community (Bangsue)**



**Objectives :**

1. To ease the cost of some public health service centers/ foundations and communities
2. To offer aid in terms of survival kit, medical equipment and adult diapers
3. To cultivate employees' awareness to be generous and compassionate towards others

**Outcome :**

1. Foundations and communities.
2. The Company has been recognized for its good image in contributing to society.
3. Employees felt happy when helping others



Monday, September 7, 2020



TPS donated necessary items to Pakkred Babies' Home Orphanage Foundation, Nonthaburi.

*Photo showing the atmosphere* \*\* Pakkred Babies' Home Orphanage Foundation



September 1 - October 31,  
2020



TPS participated in the maiA Virtual Run 2020 activity to help raise funds as donation to the Thai Red Cross Society, to be donated to Queen Sawang Vadhana Memorial Hospital, Sri Racha, Chonburi.

*Photo showing atmosphere*





**Objectives :**

1. To help raise funds via the Thai Red Cross Society to be donated to Queen Sawang Vadhana Memorial Hospital, Sri Racha, Chonburi
2. To strengthen the relationship, unity and synergy among employees within the organization
3. To boost employees' health

**Outcome :**

To raise funds to to be donated to Queen Sawang Vadhana Memorial Hospital, Sri Racha, Chonburi by participating in the maiA Virtual Run 2020 activity. The activity has also helped promoting inequality for everyone regardless of age, gender, race, ethnic origin or religion, on top of another benefit for employees to get to know each other better which is like a networking for further cooperation.

# Management Discussion and Analysis

## Executive Summary

At present, the Company operates in the business divided into 3 main groups as follows: **(1) System Integration**, the Company provides consulting, design, procure, insatall and distribute products and equipment related to information technology for both public and private customers. The Company focuses on selling products of Cisco, the world-renowned information technology system leader from the United States. The Company is also an alliance with other leading brand products, software and hardware. **(2) Maintenance Service Agreement (MA)**, to the customers so that the customers can continue to run the business. The Company has a team to provide services including onsite service at customers' facilities and **(3) Other Information Technology Services (Other IT Services)** include cabling service and maintenance and repair services at the onsite service on the date, time and place agreed with the customer, make the payment on a one-time basis and design and development software system services.

The Company is partnering with world-class information network equipment manufacturers, including Cisco and many IT equipment and software manufacturers. The Company has specialized experts to get a Gold Certified Partner from Cisco who can rapidly reponse to customer requirements. Furthermore, the Company has a good relationship with customers and partners and has a variety of service options, such as providing financial lease services, after sales maintenance services and on-time delivery. The Company has been accepted by leading customers in both the public and private sectors such as telecommunications industry, automotive industry, oil industry and refinery, cement industry, hospitals, financial institutions, educational institution and logistics etc. In addition, the company has expanded the business into the design and development of software systems in order to expand the scope of services to cover more completed projects.

Product and Service	2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues from Sales and Services						
1. Revenues from System Integrator	371.76	68.87	461.15	71.80	544.07	73.73
2. Revenues from Maintenance Services	156.75	29.04	160.25	24.95	171.79	23.28
3. Revenues from Other IT Services	8.07	1.50	18.14	2.82	17.53	2.38
<b>Total Revenues from Sales and Services</b>	<b>536.58</b>	<b>99.41</b>	<b>639.54</b>	<b>99.57</b>	<b>733.39</b>	<b>99.38</b>
Other Revenues *	3.19	0.59	2.73	0.43	4.55	0.62
<b>Total Revenues</b>	<b>539.77</b>	<b>100.00</b>	<b>642.27</b>	<b>100.00</b>	<b>737.94</b>	<b>100.00</b>
<b>Gross Profit</b>	<b>168.10</b>	<b>31.33</b>	<b>198.19</b>	<b>30.99</b>	<b>215.95</b>	<b>29.45</b>
<b>Operating Profit</b>	<b>54.38</b>	<b>10.07</b>	<b>62.11</b>	<b>9.67</b>	<b>69.75</b>	<b>9.45</b>
<b>Net Profit</b>	<b>42.01</b>	<b>7.78</b>	<b>48.92</b>	<b>7.62</b>	<b>53.87</b>	<b>7.30</b>

Note: \*Other revenues includes interest income from operations and financial lease, gain (loss) from sales of assets, gain (loss) from exchange rate and gain (loss) from short-term investments etc.

The Company's main revenues derived from system integrator, representing the average proportion from 2018 – 2020 equal to 71.47% while the remaining revenues portion was mainly from maintenance services, representing the average proportion during 2018 – 2020 equal to 25.76%. In 2020, the proportion of revenues from system integrator to maintenance services was approximately 74% to 23%. The revenues of maintenance services contributed from both existing customers of system integrator and additional customers who buy only maintenance services.

The main revenues of the Company contribute from system integrator which is project base by proposing quotations and project bidding, thus the Company's income may fluctuate each year depending on the ability to secure the project, the annual investment budget of both public and private sectors. However, the Company also has revenues from maintenance services which is more stable and sustainable than the revenues from projects. Revenue from maintenance services contributes from cumulative number of customers from both new customers and existing customers who continuously renew maintenance services agreement with the contract period 1 – 5 years, thus it enhances the revenues of the Company to be more stable. Therefore, the Company focuses on both system integrator and maintenance services concurrently. The revenues from maintenance services have increased continuously.

In 2019, revenues from sales and services increased by Baht 102.96 million or 19.19%, with the proportion of system integrator to maintenance services approximately 72% to 25%. Sales and services revenues mainly increased from 2 government agency projects worth Baht 32.68 million and 7 private company projects worth Baht 133.32 million, resulting in the increase in gross profit of Baht 30.09 million or 17.90%. Gross profit margin in 2019 was 30.99% slightly decreased from the same period last year. The Company's net profit in 2019 increased by Baht 6.91 million to Baht 48.92 million or 16.45% from 2018,

mainly due to the growth of sales and services revenues. However, the net profit margin decreased slightly to 7.62%, from the decrease in gross profit margin.

In 2020, revenue from sales and services increased by Baht 93.85 million or 14.67% from last year, with the proportion of system integrator to maintenance services approximately 74% to 23%. Sales and services revenue mainly increased from a government agency project worth Baht 12.31 million and 13 private company projects worth Baht 209.19 million, resulting in the increase in gross profit of Baht 17.76 million or 8.96%. Gross profit margin in 2020 was 29.45% decreased from the same period last year. The Company's net profit in 2020 increased by Baht 4.95 million to Baht 53.87 million or 10.12% from 2019, mainly due to the growth of sales and services revenues. However, the net profit margin decreased slightly to 7.30%, from the increase in administrative expenses in the part of allowance for doubtful accounts.

## Financial Position

Financial Position	2018		2019		2020	
	Audited		Audited		Audited	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Current assets	260.10	68.35	407.91	64.58	348.41	56.60
Non-current assets	120.46	31.65	223.70	35.42	267.21	43.40
<b>Total assets</b>	<b>380.56</b>	<b>100.00</b>	<b>631.61</b>	<b>100.00</b>	<b>615.62</b>	<b>100.00</b>
Current liabilities	159.25	41.85	165.49	26.20	164.48	26.71
Non-current liabilities	36.76	9.66	86.28	13.66	71.44	11.61
<b>Total liabilities</b>	<b>196.01</b>	<b>51.51</b>	<b>251.77</b>	<b>39.86</b>	<b>235.93</b>	<b>38.32</b>
Shareholders' equity	184.55	48.49	379.84	60.14	379.70	61.68
<b>Total liabilities and shareholders' equity</b>	<b>380.56</b>	<b>100.00</b>	<b>631.61</b>	<b>100.00</b>	<b>615.62</b>	<b>100.00</b>

Total assets at the end of 2019 increased by Baht 251.05 million to Baht 631.61 million, representing an increase of 65.97% from total assets of Baht 380.56 million at the end of 2018 due to the increase of cash and cash equivalents in the amount of Baht 187.41 million from the capital increase from initial public offering (IPO) and the increase of PP&E in the amount of Baht 73.53 million from construction in progress of the new office building.

Total assets at the end of 2020 decreased by Baht 15.99 million to Baht 615.62 million, representing a decrease of 2.53% from total assets of Baht 631.61 million at the end of 2019 due to the decrease of cash and cash equivalents in the amount of Baht 75.42 million from dividend payment, repayment of the building construction loan, building expenses and working capital of the company. However, property, plant and

equipment (PP&E) and the right to assets increased Baht 17.95 million and trade receivables increased by Baht 11.18 million and financial lease receivables increased by Baht 23.67 million.

Total liabilities at the end of 2019 increased by Baht 55.76 million to Baht 251.77 million, representing an increase of 28.45% from total liabilities of Baht 196.01 million at the end of 2018, due to the increase in long-term loan from financial institution for the construction of the new office building Baht 26.10 million and the increase in other non-current liabilities of Baht 15.79 million.

Total liabilities at the end of 2020 decreased by Baht 15.84 million to Baht 235.93 million, representing a decrease of 6.29% from total liabilities of Baht 251.77 million at the end of 2019, due to the repayment of the building construction loan Baht 31.53 million.

Shareholders' equity at the end of 2019 was Baht 379.84 million, an increase of Baht 195.29 million from Baht 184.55 million at the end of 2018, from the increase of registered capital of Baht 40 million and share premium of 153.29 million baht. The Company has unappropriated retained earnings of Baht 67.34 million at the end of 2019.

Shareholders' equity at the end of 2020 was Baht 379.70 million, a decrease of Baht 0.14 million from Baht 379.84 million at the end of 2019, from the dividend payment of Baht 56 million.

## 1) Performance Analysis

### ● Revenues

Sales and Services	2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues from sales and services	536.58	99.41	639.54	99.57	733.39	99.38
Other revenues *	3.19	0.59	2.73	0.43	4.55	0.62
<b>Total revenues</b>	<b>539.77</b>	<b>100.00</b>	<b>642.27</b>	<b>100.00</b>	<b>737.94</b>	<b>100.00</b>

Note: \*Other revenues includes interest income from operations and financial lease, gain (loss) from sales of assets, gain (loss) from exchange rate and gain (loss) from short-term investments etc.

The Company's revenues are classified as revenues from sales and services and other revenues. The Company's main revenues are revenues from sales and services, accounting for more than 99.00% of total revenues.

In 2019, total revenues increased by Baht 102.50 million or 18.99%, mainly due to the increase from 2 government agency projects worth Baht 32.68 million and 7 private company projects worth Baht 133.32 million.

In 2020, total revenues increased by Baht 95.67 million or 14.90%, mainly due to the increase from 1 government agency project and 13 private company projects totaling Baht 221.44 million.

#### ● Revenues from sales and services

Revenues from sales and services of the Company during 2018 – 2020 consist of (1) revenues from system integrator (2) revenue from maintenance services and (3) revenues from other IT services. The Company's customers consist of private companies and government agencies.

Product and Service	2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues from Sales and Services						
1. Revenues from System Integrator	371.76	69.28	461.15	72.11	544.07	73.73
2. Revenues from Maintenance Services	156.75	29.21	160.25	25.06	171.79	23.28
3. Revenues from Other IT Services	8.07	1.51	18.14	2.83	17.53	2.38
<b>Total Revenues from Sales and Services</b>	<b>536.58</b>	<b>100.00</b>	<b>639.54</b>	<b>100.00</b>	<b>733.39</b>	<b>99.38</b>

Note: \* Revenues from System Integrator has 2 types as follows: (1) General System Integrator and (2) Financial Lease for both government and private customers with contract period 36 months to 60 months

For system integrator, the Company offers solutions to customers in 2 types as follows:  
(1) General sales and services and (2) Financial leases.

System Integrator	2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues from System Integrator						
1. General sales and services	370.06	99.54	434.16	94.15	496.05	91.18
2. Financial Leases	1.70	0.46	26.99	5.85	48.01	8.82
<b>Total Revenues from System Integrator</b>	<b>371.76</b>	<b>100.00</b>	<b>461.15</b>	<b>100.00</b>	<b>544.07</b>	<b>100.00</b>

The revenues structure of the Company is classified according to customer groups as follows:

Type of Customer	2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
1. Private Companies	389.06	72.51	488.00	76.30	578.85	78.93
2. Government Agencies	147.52	27.49	151.54	23.70	154.54	21.07
<b>Total</b>	<b>536.58</b>	<b>100.00</b>	<b>639.54</b>	<b>100.00</b>	<b>733.39</b>	<b>100.00</b>

In 2019, the Company had revenue from system integrator increased by Baht 89.39 million or 24.05% from 2018, mainly due to additional projects from top ten government agency and private company projects. The ratio of government agency and private company customer were 76.30% and 23.70% respectively.

In 2020, the Company had revenue from system integrator increased by Baht 82.92 million or 17.98% from 2019, mainly due to additional projects from 1 government agency project and 13 private company projects totaling Baht 221.44 million. The ratio of government agency and private company customer were 78.93% and 21.07% respectively. Revenues from maintenance services increased by Baht 11.54 million or 7.20% from 2019. Revenues from other IT services decreased by Baht 0.61 million or 3.36% from 2019.

#### ● Other Revenues

In 2018 – 2020, the company had other revenues of Baht 3.19 million, Baht 2.73 million and Baht 4.55 million, representing 0.59%, 0.43% and 0.62% of total revenues respectively. Other revenues of the Company mainly are interest income from bank deposits and financial lease, gain or loss from short-term investments and profit or loss from asset sales. In 2020, the Company had other revenues increased by Baht 1.82 million or 66.67% from 2019.

#### ● Cost, Gross Profit and Gross Profit Margin

Costs of sales and services of the Company primarily are cost of goods and services for projects and other costs including salaries for technical support and customer service staff, transportation costs, travel expenses, allowances and miscellaneous expenses for the project.

Cost and Gross Profit	2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues from sales and services	536.58	100.00	639.54	100.00	733.39	100.00
Costs of sales and service	368.48	68.67	441.35	69.01	517.44	70.55
<b>Gross Profit</b>	<b>168.10</b>	<b>31.33</b>	<b>198.19</b>	<b>30.99</b>	<b>215.95</b>	<b>29.45</b>

Costs of sales and services of the Company primarily are cost of goods and services for projects and other costs including salaries for technical support and customer service staff, transportation costs, travel expenses, allowances and miscellaneous expenses for the project. In 2018 – 2020, costs of sales and services of the Company were Baht 368.48 million, Baht 441.35 million and Baht 517.44 million, representing 68.67%, 69.01% and 70.55% of revenues from sales and services.

In 2019, costs of sales and services of the Company increased by Baht 72.87 million or 19.78% from 2018 due to the increase in revenues from sales and service from additional projects from both government agencies and private companies. While the ratio of costs of sales and services to revenues from sales and services decreased slightly compared to 2018. As a result, gross profit margin in 2019 decreased to 30.99% while gross profit in 2019 increased to Baht 198.19 million or 17.90% compared to 2018.

In 2020, costs of sales and services of the Company increased by Baht 76.09 million or 17.24% from 2019 due to the increase in revenues from sales and service. While the ratio of costs of sales and services to revenues from sales and services increased from 2019. As a result, gross profit margin in 2020 decreased to 29.45%.

● Selling and Administrative Expenses, Operating Profit and Net Profit

Selling and Administrative Expenses	2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Selling expenses	30.46	5.68	34.26	5.36	35.27	4.78
Administrative expenses	86.45	16.11	104.54	16.35	115.48	15.65
<b>Selling and administrative expenses</b>	<b>116.91</b>	<b>21.79</b>	<b>138.80</b>	<b>21.71</b>	<b>150.75</b>	<b>20.43</b>
<b>Operating profit</b>	<b>54.38</b>	<b>10.07</b>	<b>62.11</b>	<b>9.67</b>	<b>69.75</b>	<b>9.45</b>
<b>Revenues from sales and services</b>	<b>536.58</b>	<b>100.00</b>	<b>639.54</b>	<b>100.00</b>	<b>733.39</b>	<b>100.00</b>
<b>Net profit</b>	<b>42.01</b>	<b>7.78</b>	<b>48.92</b>	<b>7.62</b>	<b>53.87</b>	<b>7.30</b>
<b>Total revenues</b>	<b>539.77</b>	<b>100.00</b>	<b>642.27</b>	<b>100.00</b>	<b>737.94</b>	<b>100.00</b>

Selling and administrative expenses consist of selling expenses and administrative expenses. Selling expenses of the Company mainly are salary for sales department, advertising and promotion expenses, sales commissions which the Company has the policy to pay commissions in accordance with the gross margin of the project. Administrative expenses mainly are salary, bonus, and support fee. In addition, other expenses are depreciation, office building rent and other fees, etc. Most administrative expenses are fixed with some variable to gross profit margin.

In 2019, selling expenses increased Baht 3.80 million or 12.48% from 2018, mainly due to the increase in commissions following the increase in gross profit and the increase in compensation for sales department. Administrative expenses increased by Baht 18.09 million or 20.93% from 2018, mainly due to the increase in employee compensation. (excluding sales department) and employee benefit expenses including other fees related to the stock exchange listing. The ratio of selling and administrative expenses to revenues from sales and services was similar to that of 2018, resulting in operating margins decreasing to 9.67% following the decrease in gross profit margin. However, operating profit of the Company increased to Baht 62.11 million from the increase in revenues from sales and services. Net profit in 2019 increased by Baht 6.91 million or 16.45% from 2018 due to the growth of revenues from sales and services. However, net profit margin slightly decreased to 7.62%, mainly from the decrease in gross profit margin.

In 2020, selling expenses increased Baht 1.01 million or 2.94% from 2019, mainly due to the increase in commissions following the increase in gross profit and the increase in compensation for sales



department. Administrative expenses increased by Baht 11.38 million or 10.94% from 2019, mainly due to the increase in employee compensation (excluding sales department) by Baht 8.10 million and the increase in depreciation by Baht 4.69 million and the increase in allowance for doubtful accounts by Baht 7.06 million. The ratio of selling and administrative expenses to revenues from sales and services was similar to that of 2019, resulting in operating margins decreasing to 9.45% following the decrease in gross profit margin. However, operating profit of the Company increased to Baht 69.75 million from the increase in revenues from sales and services. Net profit in 2020 increased by Baht 4.95 million or 10.12% from 2019 due to the growth of revenues from sales and services. However, net profit margin slightly decreased to 7.30%, mainly from the increase in administrative expenses in the part of allowance for doubtful accounts.

- **Financial Cost**

Financial Cost	2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Financial Cost	0.34	0.06	0.48	0.07	1.01	0.14
<b>Total revenues</b>	<b>539.77</b>	<b>100.00</b>	<b>642.27</b>	<b>100.00</b>	<b>737.94</b>	<b>100.00</b>

The Company had financial cost from 2018 – 2020 in the amount of Baht 0.34 million, Baht 0.48 million and Baht 1.01 million, accounting for 0.06%, 0.07% and 0.14% of total revenues respectively. Major financial cost is interest expense. In 2020, the Company's financial cost increased from 2019 due to interest on loans from financial institutions to support the construction of new office building of the Company.

- **Comprehensive Income and Comprehensive Income Margin**

The Company had comprehensive income for 2018 – 2020 equal to Baht 39.09 million, Baht 46.99 million and Baht 53.87 million, or equivalent to comprehensive income margin of 7.23%, 7.32% and 7.30%, respectively.

## 2. Financial Position Analysis

- **Assets**

Total assets of the Company as of 31 December 2018 – 2020 were Baht 380.56 million, Baht 631.61 million and Baht 615.62 million respectively. Total current assets were Baht 260.10 million, Baht 407.91 million and Baht 348.41 million, accounting for 68.35%, 64.58% and 56.60% of total assets respectively. Total non-current assets were Baht 120.46 million, Baht 223.70 million and Baht 267.21 million or equivalent to 31.65%, 35.42% and 43.40% of total assets respectively.

- **Cash and Cash Equivalents**

Cash and cash equivalents as of December 31, 2018 – 2020 were Baht 10.17 million, Baht 197.58 million and Baht 122.15 million, or representing 2.67%, 31.28% and 19.84% of total assets respectively. Cash and cash equivalents of the Company at the end of 2020 decreased from 2019 by Baht 75.43 million due to the Company paid dividends to shareholders in the amount of Baht 56.00 million and repaid the building construction loan from financial institution Baht 31.90 million.

- **Trade and other receivables**

As of 31 December 2018 – 2020, the Company had trade and other receivables equal to Baht 170.12 million, Baht 149.43 million and Baht 160.61 million, or accounting for 44.70%, 23.66% and 26.09% of total assets respectively. As of 31 December 2019, trade and other receivables decreased by Baht 20.69 million from payment of project delivery during the 4th quarter of year 2019 and other receivables of the company increased by Baht 4.85 million. As of 31 December 2020, trade and other receivables increased by Baht 11.18 million due to the Company delivered more projects.

- **Details of each type of trade and other receivables can be summarized as follows:**

Trade and Other Receivables	2018	2019	2020
	Mil. Baht	Mil. Baht	Mil. Baht
Revenues from sale and services	536.58	639.54	733.39
Trade receivables	110.03	64.13	116.61
Accrued income from sales of goods and services	32.85	53.21	15.37
Total trade receivables and accrued income	142.88	117.34	131.98
Prepaid expenses	13.55	25.51	24.08
Others	13.69	6.58	5.59
Total other receivables	27.24	32.09	29.67
Less allowance for doubtful accounts	-	-	(1.04)
<b>Net trade and other receivables</b>	<b>170.12</b>	<b>149.43</b>	<b>160.61</b>
<b>Trade and other receivables day</b>	<b>98.09</b>	<b>74.26</b>	<b>62.04</b>

Trade and other receivables at the end of 2018 – 2020 were equal to Baht 170.12 million, Baht 149.43 million and Baht 160.61 million respectively. Trade and other receivables day of 2018 – 2020 were 98.09 days, 74.26 days and 62.04 days respectively. In 2019, trade and other receivables day decreased from the increase of revenues from sales and services from large government agency and private company projects while trade receivables and accrued income increased from 2018.

At the end of the year 2020, trade and other receivables day decreased from the increase of trade receivable in the amount of Baht 52.48 million due to Company delivered more projects.

The Company has a credit term policy for most customers not more than 30 days. However, government agency customers may have payment period longer than such period. It depends on the government's withdrawal and payment procedures. Generally, government agency customers have the payment period between 30 – 60 days.

The Company classifies trade receivables and accrued income according to the collection period as follows (1) Trade receivables not yet due (2) Trade receivable more than 1 up to 90 days (3) Trade receivable overdue more than 91 to 180 days (4) Trade receivable overdue more than 181 to 360 days and (5) Trade receivable overdue more than 361 days. or more. Details are shown in the table below.

Trade Receivable and Accrued Income	2018	2019	2020
	Mil. Baht	Mil. Baht	Mil. Baht
Not yet due	97.18	90.36	109.23
Overdue			
more than 1 up to 90 days	45.30	25.43	17.34
more than 91 to 180 days	0.40	1.00	2.32
more than 181 to 360 days	-	0.56	2.69
more than 361 days	-	-	0.40
Total	142.88	117.35	131.98
<u>Less:</u> Allowance for doubtful accounts	-	-	(1.04)
<b>Net trade receivable and accrued income</b>	<b>142.88</b>	<b>117.35</b>	<b>130.94</b>

#### ● Inventory

As of 31 December 2018 – 2020, the Company had net inventories equal to Baht 56.76 million, Baht 47.29 million and Baht 45.37 million, representing 14.92%, 7.49% and 7.37% of total assets respectively. Inventories consist of work in process and equipment with details in the following table.

Inventory	2018	%	2019	%	2020	%
	(Mil. Baht)		(Mil. Baht)		(Mil. Baht)	
Work in process	30.35	53.30	39.23	82.89	39.13	86.21
Equipment	26.59	46.70	8.1	17.11	6.26	13.79
Total inventory	56.94	100.00	47.33	100.00	45.39	100.00
<u>Less:</u> Allowance for diminution of inventory	(0.18)	(0.31)	(0.04)	(0.08)	(0.02)	(0.04)
<b>Inventory – net</b>	<b>56.76</b>	<b>99.69</b>	<b>47.29</b>	<b>99.92</b>	<b>45.37</b>	<b>99.96</b>

From the Company's business operations, it has no policy to buy equipments in advance. The equipments in the project will be customized in characteristics and features from the customers and can be used specifically for each project. Therefore, inventories of the Company will be the equipments for each project and work in process. For the allowance for diminution in value of inventories, most of them are from general equipments remaining from various projects such as cable and fastening, etc.

The Company has a reserve policy for outdated products, classified into 5 types as follows.

Type of Product	Age (Year)	Reserve rate
1. Network equipment and similar devices	3	100%
2. Cable	3	100%
3. Software and License	1	100%
4. Computers and peripherals	1	100%
5. Others	1	100%

As of December 31, 2019, the Company's net inventories decreased by Baht 9.47 million from the end of 2018 because the Company delivered many projects during the 4th quarter of 2019.

As of December 31, 2020, the Company's net inventories decreased by Baht 1.92 million from the end of 2019 because the Company delivered many projects during the 4th quarter of 2020.

- **Bank Deposit pledged as Collateral**

As of 31 December 2018 – 2020, the Company pledged bank deposits of Baht 20.92 million, Baht 21.15 million and Baht 21.38 million, representing 5.50%, 3.35% and 3.47% of total assets respectively. The Company used bank deposits as collateral with 2 domestic commercial banks.

- **Property, Plant and Equipment**

Property, plant and equipment as of 31 December 2018 – 2020 were valued at Baht 71.60 million, Baht 145.13 million and Baht 146.23 million, representing 18.81%, 22.98% and 23.75% of total assets respectively. At the end of 2019, property, plant and equipment increased by Baht 73.53 million due to the Company constructed the new office building. At the end of 2019, the office building is worth Baht 67.33 million.

At the end of 2020, property, plant and equipment increased by Baht 1.10 million due to the Company improved office building.

- **Right of Use**

At the end of 2020, the company had vehicles with hire purchase contracts worth Baht 16.84 million.

### ● Financial Lease Receivables

As of December 31, 2018 – 2020, the Company had financial lease receivables in the amount of Baht 10.96 million, Baht 34.63 million and Baht 71.55 million, representing 2.88%, 5.48% and 10.50% of total assets respectively. Financial lease receivables of the Company are from system integrator with details in the following table.

Financial Lease Receivables	2018 (Mil. Baht)	%	2019 (Mil. Baht)	%	2020 (Mil. Baht)	%
Current portion of financial lease receivables	8.12	74.09	9.58	27.66	18.42	25.74
Financial lease receivables	2.84	25.91	25.05	72.34	53.13	74.26
<b>Financial lease receivables – net</b>	<b>10.96</b>	<b>100.00</b>	<b>34.63</b>	<b>100.00</b>	<b>71.55</b>	<b>100.00</b>

At the end of 2020, the Company had financial lease receivables of Baht 71.55 million, an increase of Baht 36.92 million from the end of 2019 due to the Company had more financial leases from 5 government agency and 2 private company projects.

### ● Liabilities

As of 31 December 2018 – 2020, the Company had total liabilities of Baht 196.01 million, Baht 251.77 million and Baht 235.93 million, with the ratios of current liabilities to total liabilities equal to 81.25%, 65.73% and 69.72%, respectively. Current liabilities consist of trade and other payables, current portion of finance lease liabilities, income tax payable and other current liabilities. While the ratios of non-current liabilities to total liabilities were 18.75%, 34.27%, and 30.28% respectively. The main non-current liabilities of the Company are finance lease liabilities, provision for long-term employee benefits and other non-current liabilities.

Liabilities	2018 (Mil. Baht)	%	2019 (Mil. Baht)	%	2020 (Mil. Baht)	%
Current liabilities	159.25	81.25	165.49	65.73	164.48	69.72
Non-current liabilities	36.76	18.75	86.28	34.27	71.44	30.28
<b>Total liabilities</b>	<b>196.01</b>	<b>100.00</b>	<b>251.77</b>	<b>100.00</b>	<b>235.93</b>	<b>100.00</b>

Total liabilities at the end of 2019 increased by Baht 55.76 million to Baht 251.77 million, representing the increase of 28.45% from total liabilities of Baht 196.01 million at the end of 2018, mainly due to the increase in long-term loans from financial institutions of Baht 31.53 million for construction of the new office building and the increase in employee benefit obligations by Baht 7.41 million and other non-current liabilities by Baht 15.79 million.

Total liabilities at the end of 2020 decreased by Baht 15.84 million to Baht 235.93 million, representing the decrease of 6.29% from total liabilities of Baht 251.77 million at the end of 2019, mainly due to the decrease in long-term loans from financial institutions Baht 31.53 million.

- Trade and Other Payables

Trade and Other Payables	2018	2019	2020
	(Mil. Baht)	(Mil. Baht)	(Mil. Baht)
Costs of sales and service	368.48	441.35	517.44
Inventory	56.94	47.33	45.39
Trade payables	99.24	112.76	103.40
Other payables	49.57	39.68	45.46
Accrued expenses	28.41	19.12	21.41
Dividend payable	-	-	-
Advances received from customers	21.16	20.56	24.05
<b>Trade and other payables</b>	<b>148.82</b>	<b>152.44</b>	<b>148.86</b>
<b>Average trade payable day</b>	<b>85.29</b>	<b>87.67</b>	<b>76.24</b>

As of 31 December 2018 – 2020, the Company had trade and other payables equal to Baht 148.82 million, Baht 152.44 million and Baht 148.86 million, or accounting for 39.11%, 24.14% and 24.18% of total assets respectively. At the end of 2019, trade and other payables of the Company increased by Baht 3.62 million from the increase of the trade payables of Baht 13.52 million while the accrued expenses decreased by Baht 9.29 million and the advances received from maintenance services decreased by Baht 0.60 million.

At the end of 2020, trade and other payables of the Company decreased by Baht 7.58 million from the decrease of the trade payables of Baht 9.36 million while the accrued expenses increased by Baht 2.29 million and the advances received from maintenance services decreased by Baht 0.51 million.

At the end of 2018 – 2020, the Company had the average trade payable day of 85.29 days, 87.67 days and 76.24 days respectively. The company has received credit terms from suppliers between 30 – 90 days. At the end of 2019, the average trade payable day was 87.67 days, which is close to the same of 2018 which was 85.29 days.

At the end of 2020, the average trade payable day was 76.24 days, decreasing from the end of 2019 at 87.67 days.

- **Shareholders' equity**

As of 31 December 2018 – 2020, the Company had total shareholders' equity of Baht 184.55 million, Baht 379.84 million and Baht 379.70 million baht, respectively. At the end of 2019, Shareholders' equity increased in the amount of Baht 195.29 million to Baht 379.84 million from Baht 184.55 million in 2018, which was caused by the increase in the registered capital of Baht 40 million and the premium on ordinary shares of Baht 153.29 million. The Company had unappropriated retained earnings of Baht 67.34 million at the end of 2019.

At the end of 2020, Shareholders' equity decreased in the amount of Baht 0.14 million to Baht 379.70 million from Baht 379.84 million in 2019, mainly from the increase in net profit of Baht 53.87 million, but paid dividends at the beginning of 2020 of Baht 56 million.

- **Cash Flow Statement**

Cash flow statement	2018 (Mil. Baht)	2019 (Mil. Baht)	2020 (Mil. Baht)
Cash flows from operating activities	75.57	86.51	36.81
Cash flows from investing activities	(58.17)	(74.81)	(21.58)
Cash flows from financing activities	(24.42)	175.71	(90.65)
<b>Cash and cash equivalents increase (decrease) - net</b>	<b>(7.02)</b>	<b>187.41</b>	<b>(75.42)</b>

- **Cash flows from operating activities**

Cash flows from operating activities in 2019 were Baht 86.51 million, consisting of net profit of Baht 48.92 million. The Company's operating profits before changes in working capital were Baht 70.94 million. Changes in operating assets and liabilities were as follows: the decrease in trade and other receivables by Baht 20.69 million, the increase in financial lease receivables by Baht 23.67 million, the increase in other non-current liabilities by Baht 15.79 million and income tax paid of Baht 14.17 million.

Cash flows from operating activities in 2020 were Baht 36.81 million, consisting of net profit of Baht 53.87 million. The Company's operating profits before changes in working capital were Baht 86.14 million. Changes in operating assets and liabilities were as follows: the increase in trade and other receivables by Baht 12.22 million, the increase in financial lease receivables by Baht 36.92 million, the increase in other non-current liabilities by Baht 7.88 million and income tax paid of Baht 9.44 million.

- **Cash flows from investing activities**

In 2019, the Company had cash flows from investing activities in the amount of Baht 74.82 million from cash payment for purchase property, plant and equipment in the amount of Baht 75.37 million for the construction of new office building.

In 2020, the Company had cash flows from investing activities in the amount of Baht 21.58 million from cash payment for purchase property, plant and equipment in the amount of Baht 22.37 million for the construction of new office building.

#### ● Cash flows from financing activities

In 2019, the Company had cash flows from financing activities in the amount of Baht 175.71 million. Important financing activities in 2019 were as follows: cash received from IPO in amount of Baht 200.00 million, cash received from long-term loans from financial institutions in the amount of Baht 31.49 million and dividend payment in the amount of Baht 45.00 million.

In 2020, the Company had cash flows from financing activities in the amount of Baht 90.65 million. Important financing activities in 2020 were as follows: dividend payment in the amount of Baht 56.00 million and repayment long-term loan from financial institution in the amount of Baht 31.90 million.

#### ● Financial Ratio

Financial Ratio	Unit	2018	2019	2020
Average account receivables day	Day	78	50	45
Average inventory day	Day	45	43	33
Average account payables day	Day	85	88	76
Cash Cycle	Day	38	5	1
Current ratio	Time	1.63	2.46	2.12
Debt to Equity ratio	Time	1.06	0.66	0.62
Interest Bearing Debt to Equity ratio	Time	0.04	0.10	0.03
Return on Equity	(%)	23.87	17.34	14.19
Return on Assets	(%)	11.86	9.67	8.64
Gross Profit margin	(%)	31.33	30.99	29.45
Operating Profit margin	(%)	9.54	9.67	9.45
Net Profit margin	(%)	7.78	7.62	7.30

#### ● Average Account Receivables Day

As of December 31, 2018 – 2020, the Company has the average account receivables day of 78 days, 50 days and 45 days respectively. At the end of 2020, the average account receivables day decreased due to the Company improved debt tracking process and on-time payment from customers. Therefore, the Company reduced the debt collection period



- **Average Inventory Day**

As of December 31, 2018 – 2020, the Company has the average inventory day of 45 days, 43 days and 33 days respectively. At the end of 2020, the average inventory day decreased due to the Company delivered projects faster corresponding to the decrease in inventories.

- **Average Account Payables Day**

As of December 31, 2018 – 2020, the Company had the average account payables day of 85 days, 88 days and 76 days respectively. At the end of 2020, the average account payables day decreased due to the decrease in trade payables and on-time debt repayment.

- **Cash Cycle**

As of December 31, 2018 – 2020, the Company had the cash cycle of 38 days, 5 days and 1 day respectively. At the end of 2020, the cash cycle decreased due to the Company improved liquidity with faster delivery projects and faster payment from customers.

- **Current Ratio**

As of December 31, 2018 – 2020, the Company had the current ratio of 1.63 times, 2.46 times and 2.12 times respectively. At the end of 2020, the current ratio decreased due to the decrease in cash from repayment of office building loan and dividend payment.

- **Debt to Equity Ratio**

As of 31 December 2018 – 2020, the debt to equity ratios were equal to 1.06 times, 0.66 times and 0.62 times respectively. At the end of 2020, the debt to equity ratio decreased due to the decrease in total liabilities from the decrease in trade payables and repayment of office building loan.

- **Interest Bearing Debt to Equity ratio**

As of 31 December 2018 – 2020, the interest bearing debt to equity ratios were equal to 0.04 times, 0.10 times and 0.03 times respectively. At the end of 2020, the interest bearing debt to equity ratio decreased from repayment of office building loan.

# General Information about the Company

## General Information

### Details about the Company

Company Name	:	The Practical Solution Public Company Limited
Type of Business	:	Provides consulting, design, procure, install and distribute products and equipment related to information technology (Information Technology Solutions Provider: ITP )
Head Office	:	99 Soi Cement Thai, Ratchadapisek Road, Lad Yao, Chatuchak Bangkok 10900
Company's Registration	:	0107562000301
Tel	:	0-2112-9999
Fax	:	0-2112-9998
Website	:	<a href="http://www.thepractical.co.th">http://www.thepractical.co.th</a>
Registered Capital	:	140,000,000 Baht Par value 0.50 Baht
Paid-up Capital	:	140,000,000 Baht Par value 0.50 Baht
Number of Registered Shares	:	280,000,000 Shares
Number of Shareholders	:	1,243 (As of 15 January 2021)
% Free Float	:	31.61% (As of 15 January 2021)
Investor Relations	:	Mr. Matee Witawasiri Tel : 02-112-9999 E-mail: <a href="mailto:matee@thepractical.co.th">matee@thepractical.co.th</a>

### Securities Registrar

Company Name	:	Thailand Securities Depository Company Limited
Head Office	:	93 Ratchadaphisek Road, Dindang, Bangkok 10400
Tel	:	0-2900-9000
Fax	:	0-2900-9991
Website	:	<a href="http://www.set.or.th/tsd">www.set.or.th/tsd</a>

### Auditor

Company Name : Dharmniti Auditing Co., Ltd.  
Head Office : 178 Dharmniti Building 6-7th Floor, Soi Permsap  
(Prachachuen 20), Prachachuen Road, Bangsue,  
Bangkok, 10800  
Tel : 0-2596-0500  
Fax : 0-2596-0539  
Website : [www.dharmniti.co.th](http://www.dharmniti.co.th)

### Internal Auditor

Company : P&L Internal Audit Co., Ltd.  
Head Office : 281/157 The Fifth Avenue B Building 2nd Floor,  
Krungtepon Road, Bang Khen, Mueang  
Nonthaburi District, Nonthaburi 11000  
Tel : 0-2526-6100  
Website : [www.plcorporation.com](http://www.plcorporation.com)

## Other Important Information

-None -

## Part 2

# Corporate Governance

## 1. Corporate Governance Policy

(Corporate Governance Policy)



The Board of Directors has established a good corporate governance policy in accordance with good corporate governance principles for listed companies in 2017 of the Securities and Exchange Commission in order to be a guideline for business operations and corporate management to create sustainable value for the business, with the following 8 good corporate governance practices.

### Section 1: Recognizing role and responsibilities as the leader of the organization who creates value for sustainable business

1) The Board of Directors understands the roles and recognizes the responsibility as a leader to supervise the organization to have good management. The Company has established a charter of the Board of Directors to clearly set the authority and responsibility both in performing duties and supervising the business of the Company in accordance with the law, objectives, regulations, resolutions of the Board of Directors' meeting and resolutions of Shareholders' meeting with responsibility, caution and integrity in order to protect the rights and interests of all shareholders, including the duty to set the vision, strategy, business direction, policy, target, budget together with the management and supervise, monitor and evaluate the performance of the management and report the results.

2) The Board of Directors has established policies regarding the Corporate Social Responsibility Policy, Anti-Corruption Policy, Business Ethics and Code of Conduct to benefit the society and the environment to create sustainable value for the business. The Company also focuses on a follow-up of the policy implementation as well as provides regular policy reviewing.

(3) The Board of Directors has duty to ensure that directors and executives perform their duties with responsibility, duty of care and duty of loyalty) as well as to comply with laws, objectives, regulations, resolutions of the Board of Directors' meeting and resolutions of the Shareholders' meeting. The Company must provide sufficient systems and mechanisms to ensure that the Company's operations in accordance with the law, objectives, regulations, resolutions of the Board of Directors' meeting and the resolutions of the

Shareholders' meetings, as well as various policies. The Company must have the Audit Committee and internal audit department to supervise the compliance with relevant laws, regulations, and resolutions of the meeting and have mechanisms for accepting complaints and taking action in the event of corruption etc. The Company must also have a process to approve important operations such as investment, transactions that have an impact on the Company, transactions with connected persons, acquisition or disposition of assets and dividend payment etc. in accordance with the laws and policies of the Company.

## Section 2: Specifying business objectives and major goals for sustainability

The Board of Directors has specified the objectives and goals of the organization in conducting business to achieve sustainability and creating value for the business, customers, all stakeholders and overall society, including communication for personnel at all levels to perform their duties to achieve the specified objectives and goals and creating the culture of the organization.

In addition, the Committee will promote the introduction of technology and new innovations to be used effectively conduct business in accordance with the specified policies, including the review of objectives goals and annual strategic plans, to ensure that they are consistent with the economic conditions and potential of the organization and monitor the evaluation closely.

## Section 3: Strengthening the effectiveness of the Board of Directors

The Company has a policy in determining the structure of the Board of Directors in accordance with the business and size of the Company and the law as follows:

1) The Board of Directors consists of people with various qualifications in terms of knowledge, ability and experience that can benefit the Company. The Board of Directors plays an important role to determine the policy and organization overview, including overseeing, inspecting, and evaluating the Company's operations according to the plan.

2) The Board of Directors has at least 5 people but not more than 12 people. The Board of Directors must have independent directors at least 1 in 3 of the total number of the directors, but not less than 3 people. This will create the balance of consideration and voting on various matters appropriately. The independent directors must have the qualifications in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Nomination and Remuneration Committee is responsible for recruiting persons with appropriate knowledge, expertise and experience to perform duties that are beneficial to the Company's business and presenting to the meeting of the Board of Directors and/or the Shareholders' meeting to consider and appoint the directors of the Company. However, after the company is listed on the Stock Exchange of Thailand, the Company will disclose information of directors and sub-committees such as age, gender, educational background, experience, shareholding proportion, tenor in the position, number of meetings attended, the remuneration of the Board of Directors both monetary and non-monetary, director positions in other listed companies, roles, duties and responsibilities and report the

performance of the Board and the Committees in the Company's annual report and/or on the Company's website.

3) The Board of Directors has a term of not more than 3 years in accordance with the relevant laws. The independent directors shall have a term not exceeding 9 years unless there are reasons and necessities as the Board of Directors deems appropriate.

4) Director and management of the Company can be a director or management of the Company's subsidiaries or other companies but must comply with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand including other relevant laws. However, each director will hold the position of director for listed companies not more than 5 companies in order to perform duties and allocate time appropriately and will attend the Board's meetings not less than 75 percent of the total meetings in that year.

5) The Chairman and the Chief Executive Officer of the Company will not be the same person in order to clarify the responsibility between the policy determination, supervision and routine management. The Company has determined the authority, duty and responsibility of the Chief Executive Officer clearly and assigned the Chairman of the Board of Directors must be an independent director.

6) The Board of Directors has appointed four sub-committees, consists of the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee to operate on specific matters and propose the matters to the Board of Directors for an approval by setting a charter for the sub-committee to define the scope of authority and reviewing a charter regularly.

6.1) The Executive Committee consists of at least 4 Executive Directors to support the Board of Directors in managing the business of the Company in accordance with the policies, plans, regulations and any orders, including goals set out under the framework by the Board of Directors. The details of the components, qualifications, authorities, duties and responsibilities appear in the Executive Committee Charter.

6.2) The Audit Committee consists of at least 3 Audit Committee members to support the Board of Directors in supervision, inspection of administration, internal control and compliance with relevant laws including the preparation of financial reports to ensure that the operation and disclosure of the Company information is transparent and reliable. The details of the components, qualifications, authorities, duties and responsibilities appear in the charter of the Audit Committee.

6.3) The Nomination and Remuneration Committee consists of at least 3 members of the Nomination and Compensation Committee to recruit qualified persons to be appointed as the Company's directors, subcommittee and the Chief Executive Officer of the Company including considering the form and criteria of remuneration of the directors, subcommittee and the Chief Executive Officer of the Company to reflect obligations and individual responsibility and present the opinion to the Board of Directors' meeting and/or the Shareholders' meeting for further consideration and approval (as the case may be). The details of the components, qualifications, powers, duties and responsibilities appear in the Charter of the Nomination and Remuneration Committee.

6.4) The Risk Management Committee consists of at least 3 members of the Risk Management Committee to support the Board of Directors in determining risk management policies that are appropriate, sufficient, effective, and overseeing the overall risk management system or process at an acceptable level. The details of the components, qualifications, powers, duties and responsibilities appear in the Charter of the Risk Management Committee.

In addition, the Company has appointed the Company Secretary to perform duties related to the Board of Directors' meeting and the Shareholders' meeting including supporting the Board of Directors by giving advice on legal requirements and regulations relating to the Board of Directors' performance

7) In overseeing the operations of the subsidiaries or affiliated companies, the Company will consider sending representatives of the Company which has qualifications and experience as a director in the subsidiaries or affiliated companies to supervise the business management and report the performance of the subsidiaries and affiliated companies to the Board of Directors' meeting. The Board's seat in the subsidiaries or affiliated companies will be at least in accordance with the Company's shareholding proportion and/or as agreed between the Shareholders of the subsidiaries and affiliated companies.

8) The Company has specified in the Charter of the Board of Directors and the subcommittees that each committee is responsible for evaluating the annual performance of the Board of Directors and the subcommittee and individually. The subcommittees are required to report the evaluation results to the Board of Directors annually.

#### **Section 4: Recruiting and developing of High-Level Executives and Managing of personnel**

1) The Board of Directors has assigned the Nomination Committee to consider the criteria and methods for recruiting suitable persons for the position of the Chief Executive Officer. However, the Board of Directors has specified the qualifications of the Chief Executive Officer, high-level executives, succession plan, with details as according to the policy on recruiting executives to inherit important positions of the Company.

2) The Board of Directors will oversee that the remuneration structure and the evaluation of high-level executives have been carried on appropriately by comparing to the duties, responsibilities, and estimated remuneration level among other businesses in the same industry, the company performance as well as performance and capabilities of each high-level executive.

3) The Board of Directors has established a Succession Plan to prepare for succession of the Chief Executive Officer, high-level executives with the objective to continue the business operations.

4) The Board of Directors will monitor the management and development of personnel regarding the number of personnel, knowledge obtained skills, experience, and appropriate motivation. Besides, the Board of Directors will promote the training and educating for those involved in the corporate governance system of the company such as directors, audit committee, executives, and company secretary.

5) The Company has established a provident fund so that employees have sufficient savings to guarantee retirement including encouraging employees to have knowledge and understanding in money management to ensure that employees will have a good quality of life and work with the company in the long run.

## Section 5: Promoting innovation and operating business with responsibility

The Board of Directors was conscious of the importance and the support of innovations development since it creates business value and contributes to the company's sustainable growth. In the meantime, the Company has created mutual benefits for the Company, customers, business partners or related parties and adheres to its responsibility to society and the environment. The Company also has allocated and efficiently managed resources. The Board of Directors will promote innovation then will monitor and encourage the management to use innovation as part of the operational development strategy and to use it to define business model and thinking methods, improve operational process, manage the information technology management as well as supervise the risk management for the Company will be able to achieve objectives, business strategy and the main goal. In this regard, the guidelines for each group of stakeholders are as follows:

### ● Code of Conduct



Shareholder	:	The Company is determined to operate the business to ensure sustainability in order to increase the value of the Company so it will benefit the shareholders with good returns they have expected.
Employees	:	The Company will ensure that all employees' capabilities will be promoted and developed to their fullest. The Company also has provided fair employment conditions, appropriate compensation, and channels for commenting moreover providing good welfare and a good working environment. Last but not least, the processes of hiring,
Business Partners	:	The Company will respect the rights and treat all partners with equality and fairness also strictly fulfilling the contract or various conditions agreed. In addition, the Company has had guidelines for monitoring and evaluating business partners for sustainable business development.
Customers	:	The Company is committed to providing quality service which will meet the standards required, being punctual, offering a variety of services and abiding strictly by the agreement to meet the needs of customers both short and long term and to build customers confidence and maximum satisfaction in the service.



<b>Creditors</b>	:	The Company will comply with the contractual conditions with the creditors, including the repayment of principal, interest, and collaterals under the related contract.
<b>Competitors</b>	:	The Company will operate the business openly, transparently and the Company will not initiate an unfair competition or encourage corruption.
<b>Community, society and environment</b>	:	The Company brings business knowledge and experience to develop projects that can materially benefit the community. For the environmental aspect, the Company will ensure that the Company will not cause a negative impact on the environment.

In addition, stakeholders can inquire about details, report complaints or clues to legal violations, inaccuracies in financial reports, defective internal control systems, or the breach of the Code of Conduct of the Company through the channel specified by the Company. The information of the complaints and clues informed to the Company will be kept confidentially and the person designated by the Company will proceed to check the information and find solutions (if any) and/or proposing important complaints with comments to the Board of Directors for further consideration.

In this regard, the Board of Directors will provide a framework for overseeing and managing information technology in accordance with the requirements of the Company, including overseeing the use of information technology to increase business opportunities and improve operations and risk management so that the Company can achieve the objectives and goals of the organization.

#### ● Whistleblowing or complaints

The Practical Solution Public Company Limited (TPS) always places importance on good corporate governance by conducting business properly with fairness to all parties, focusing on transparency and accountability. Therefore, the Company provides opportunities for all employees to report or provide information about irregularities in the Company's business operations in various matters such as financial transactions, compliance with the legal regulations, compliance with regulations or business code of conduct through special channels as specified.

This is to build confidence among employees or informers that reporting or giving information will not cause any damage to the complainants or the informers. The Company has set up a mechanism to protect and lessen the damage to those who have reported or provided information that have been unfairly treated, such as being bullied or threatened.

We call such mechanism the protection and fairness policy for employees who inform or blow the whistle / give clues about corruption or failing to comply with the laws, the Company's rules & regulations, and code of conduct.

The Company is confident that this mechanism will be of great benefit to the Company if it is taken seriously. Everyone should understand and study it in detail and properly apply it in practice.

#### Persons with rights to make complaints

1) Employees and / or people who witness acts that violate the laws, rules and regulations or the business code of conduct of the Company

2) Employees who have been bullied, threatened, subject to disciplinary action, such as salary cuts, suspended from work, layoffs, or being discriminated against by means of unfavorable conditions in connection with their employment conditions due to their complaints to provide information, or about to provide information to assist in the investigation process, or compiling facts for the complaint taker, including any litigation, testimony, or co-operation with any court or government agency, etc.

#### Channels for whistleblowing or complaints or advice about corruption

1) Employees or complainants are able to submit complaints about corruption in the channels specified by the Company, by stating details of the whistleblowing matters or complaints or advice about fraud with his/her name, address and contact phone number

2) The Company has safe channels and can give access to employees or complainants with confidence when the employees or the complainants want to report fraud and corruption information or clues, including giving advice on the implementation in compliance with anti-corruption measures, both in Thai and English.



Channels for receiving whistleblowing or complaints or advice about corruption (TH)



Channels for receiving whistleblowing or complaints or advice about corruption (EN)

The Board of Directors will prepare a framework for regulating, supervising, and managing information technology (IT) at the enterprise level, in line with the Company's needs, including ensuring that IT is applied to increase business opportunities and enhance operations & risk management so that the Company can achieve the objectives and main goals.

## Section 6: Ensuring that there is an appropriate risk management and internal control system

To ensure an effective risk management system, the Board of Directors has appointed the Risk Management Committee to help the Board of Directors in managing risks that may occur to the Company. The Risk Management Committee has various duties, including:

- 1) Consider, evaluate, and review the risk characteristics and identify the Company's risk and determine the Company's risk appetite.
- 2) Consider and set risk management policies, both internal and external in accordance with the strategy and direction of the business, which must cover at least 4 risks as follows.
  - 2.1) Financial Risk
  - 2.2) Operational Risk
  - 2.3) Strategic Risk
  - 2.4) Compliance Risk
- 3) Consider and determine strategies and guidelines for risk management in accordance with the risk management policy to assess, monitor, and supervise risk levels within an acceptable level.
- 4) Consider budgeting and methods of responding to risks that may occur to the Company in order to be used as rules for the operation of each type of risk situation and propose the budget and methods to the Board of Directors for approval.
- 5) Report to the Board of Directors about risks and risk management.

The authorities and duties and responsibilities of the Risk Management Committee appear in the Risk Management Committee Charter as follows.

- 1) The Board of Directors has appointed the Audit Committee to oversee and supervise the Board of Directors regarding its operational duty towards the Company. Moreover, the Audit Committee will also provide honest opinions on financial reports, internal control system and risk management so the Company will effectively achieve the objectives desired.
- 2) The Board of Directors will monitor and resolve the issues concerning the conflicts of interest that may occur among the Company, management department, Board of Directors and shareholders. The Board will assure that there have measures or methods in contemplation of preventing improper use of the property, information and opportunities of the Company as well as dealing with doing transactions improperly with persons who have a relationship with the company.
- 3) The Company provides the code of conduct and the policy of the use of insider information to prevent the improper use of property and information. The Company also creates the policy for conducting transactions with connected persons in order to prevent inappropriate transactions with connected persons.
- 4) The Board of Directors has established a clear anti-corruption policy and communicated to employees at all levels of the organization and outsider for real implementation. The Board of Directors will

arrange a project or guidelines to resist corruption, including supporting activities that promote all employees to comply with relevant laws and regulations and arranging for accepting complaints and handling cases as specified in the anti-corruption policy. The Company will provide communication channels to allow employees and stakeholders to report clues or complaints. The Company has established measures to protect the whistleblower or the complainant and the witness from any harm arising from whistleblowing, complaint, witnessing or giving information to the Company.

5) Director and management of the Company are responsible for reporting conflict of interest and related parties to the Company. The Company has set a duty to report conflict of interest in the Charter of the Board of Directors. It is required that the Company's directors to inform the Company immediately in the event that directors have conflict of interest in any transactions with the Company.

## Section 7: Maintaining financial reliability and disclosing of information

1) The Board of Directors adhere to the importance to the disclosure of financial information that is accurate, sufficient, timely, by ensuring that there will be sufficient number of personnel involved in the preparation and disclosure of information who have knowledge, ability and are suitable for their responsibilities.

2) The Board of Directors will ensure that the disclosure of information, financial statements, annual report, Form 56 - 1 and preparation of Management Discussion and Analysis (MD&A) have adequately reflected financial status and performance of the Company. The Audit Committee is responsible for the quality of financial reports and give an opinion to the Board of Directors.

3) The Board of Directors will monitor the adequacy of the company's liquidity and Long-term debt paying ability. In which the management has to quarterly report to the Board of Directors and there must be a discussion between the management and the Board of Directors to find a solution in the event that there have business factors indicating liquidity problems.

4) After listing on the Stock Exchange of Thailand, the Company will publish the information of the Company to shareholders and the public through the channels and media of the Stock Exchange of Thailand and the Company's website and provide a responsible person to contact and provide information to shareholders, investors, securities analysts or related departments including any person.

5) The Board of Directors will promote the use of information technology in the dissemination of information. In addition to the dissemination of information in accordance with the rules determined by the Stock Exchange of Thailand, the Board of Directors will provide information disclosure in both Thai and English through other channels, such as the Company's website and keep information up to date.

## Section 8: Supporting participation and communication with shareholders

The Board of Directors recognizes importance to basic rights of shareholders both as investors in the securities and the owner of the Company, such as the right to buy, sell, transfer the securities, the right to receive a profit sharing from the Company, the right to receive sufficient information and the right to attend

the meeting to exercise the voting right at the shareholders' meeting to appoint or remove directors, appoint auditors, approve important transactions that affect the Company's business, allot dividend, determine or amend of the company's memorandum and articles of association, decrease or increase the capital and approve special transactions etc.

The Company has a mission to promote and facilitate the shareholders to exercise of their rights as follows:

1) Provide date, time, location, and agenda with explanations and reasons for each agenda or the resolution as requested in the invitation letter for the Annual General Meeting and Extraordinary General Meeting or in the attachment of the meeting agenda for the decision of the shareholders and refrain from any actions which limit the opportunity of the shareholders to study the information of the Company.

2) Facilitate all groups of shareholders to fully exercise their rights to attend the meeting and vote and refrain from any actions which limit the opportunity for shareholders to attend the meeting, such as using a meeting location that is convenient for travel including a map for meeting location in the invitation letter, the right date and time and sufficient time for the meeting. Attending the meeting to vote should not have a complicated or expensive process.

3) Before the date of the shareholders' meeting, the Company will allow the shareholders to send comments, suggestions, or questions in advance of the meeting date by clearly specifying criteria for submitting questions in advance and notify the shareholders together with the delivery of the invitation letter and the Company will disseminate the criteria on the Company's website.

4) Encourage shareholders to use a proxy form in which shareholders can specify voting directions and propose at least 1 independent director as an alternative to shareholders' proxies.

5) In the shareholders' meeting, the chairman of the meeting will allocate the time appropriately and the Company will open the opportunity for shareholders to express their views, suggestions, or questions on various agendas before voting on any agenda.

6) Encourage the directors and high-level executives of the Company to participate in the shareholders' meeting to answer shareholders' questions.

7) Arrange the meeting resolution for each agenda in case there are many agendas such as the appointment of the directors.

8) The Company will support the use of ballots in important agendas, such as connected transactions, acquisition, or disposition of assets, etc., for transparency and accountability in counting votes.

9) The Company will provide independent persons to assist in the counting or checking of votes in each agenda and disclose to the meeting together with the minutes of meeting.

10) After the shareholders' meeting is completed, the Company will prepare the minutes of meeting recorded the correct and complete information, including important issues, questions, opinions, and recommendations for validating from the shareholders. In addition, the Company will bring voting results in each agenda, the minutes of meeting on the Company's website.

11) The Company will send a copy of the minutes of meeting to the Stock Exchange of Thailand within 14 days from the date of the meeting.

12) Encourage the Company to use technology in the shareholders' meeting including shareholder registration and counting and displaying results to facilitate the meeting instantly, accurately, and precisely.

The Board of Directors has determined the fair treatment for all shareholders whether a major shareholder or a minor shareholder, shareholders who are executives or not executives, Thai or foreign shareholders with the following guidelines.

1) Send a meeting invitation letter with agendas and opinions of the Board of Directors to the Stock Exchange of Thailand and disseminate the meeting agenda via the Company's website in accordance with related rules, regulations, and laws.

2) Specify rules and procedures for minority shareholders to nominate candidates for the position of the Company's directors which can be nominated through the Nomination and Remuneration Committee in advance of the meeting date including the dissemination of information of the qualifications of the nominated persons.

3) Determine rules for minority shareholders to raise additional agendas in advance of the meeting date to demonstrate fairness and transparency in considering whether to add agendas proposed by minority shareholders.

4) Shareholders, who are executives, should not add unnecessary agenda without prior notice, especially the important agenda that shareholders need to spend time to study information before making a decision.

5) In conducting each shareholder's meeting, the Company will give every shareholder equal opportunity. Before starting the meeting, the Chairman of the meeting will explain to the shareholders the rules and regulations that are used in the meeting, exercise of voting rights, voting rights for each type of share and the method of counting votes of shareholders.

6) In the agenda regarding the election of directors, the Company will support the election of each director.

7) Determine the Board of Directors to report a conflict of interest on any agenda at least before considering the relevant agenda in the Board of Directors' meeting and record the said interest in the minutes of the Board of Directors' meeting including prohibiting the Board of

Directors who have a significant interest to give an independent opinion on the relevant agenda and participate in the meeting on that agenda.

8) Set guidelines for the storage and prevention of the use of internal information of the Company in writing and inform the said guidelines to everyone in the Company to comply with. The Board of Directors determines that every director and executives responsible to report securities holding report to the Company Secretary and present to the Board of Directors for acknowledgment in the next meeting and disclosed in the annual report of the Company.

The Company will provide the review of the appropriateness of the policy on good corporate governance and apply to the business of the Company in the board meeting in February every year.

## 2. Group Structure and Operation Sub-committees, Management, Employees and Others

The structure of the Board of Directors of the Company has 5 sets of committees consisting of the Board of Directors, the Audit Committee, the Executive Committee, the Risk Management Committee and the Nomination and Compensation Committee. The scopes of duties of the Committees are as follows:

### 2.1 Authority, Duties and Responsibilities of the Board of Directors

The Board of Directors has an important role in governing the management of the Company including determining policy directions and business strategy for the best benefit of the Company and shareholders and monitoring the management of the various sub-committees. The Board of Directors also has the authority and responsibility as specified in the law, regulations and the objectives and resolutions of the shareholders' meetings of the Company, including the following actions.

1) Perform its duties with honesty, integrity and prudence, in accordance with the law, the Company's objectives and Articles of Association, and all resolutions of the Annual General Shareholders Meeting in order to carefully protect the Company's interests.

2) Determine the Company's policies, objectives, direction, business plans, and budgets including the supervision and management of the Company executives in accordance with the agreed business policies. Promote the use of information technology to increase business opportunities and business performance in order to comply with the policy with efficiency and effectiveness in order to maximize the value of the Company and shareholders.

3) Control, regulate, and evaluate the management team's performances as well as the Company's performance.

4) Appoint and consider the compensation package and the terms & conditions of the employment of the CEO.

5) Ensure that the Company and subsidiaries have appropriate and efficient accounting system with reliable financial reporting and auditing. Create the Company's control systems in order to maintain creditability and confidence. Promote the use of information technology for information dissemination.

6) Acknowledging the audit reports of the Audit Committee and other sub-committees and supervise the business to have a mechanism to receive complaints and take action.

7) Consider and approve the disposal of assets (in case that the size of the transaction does not need to be considered by the shareholders' meeting) and approve any new business investment and operations in accordance with the law and related notices and regulations.

8) Consider and approve the connected transactions. (in case that the size of the transaction does not need to be considered by the shareholders' meeting) in accordance with the law and related notices and regulations.

9) Consider and approve interim dividend payment to the shareholders of the Company.

10) Ensure that management has in place risk management policies, processes and controls.

11) Ensure that no conflict of interest between the Company's stakeholders. In the event that the Directors have interests in any transactions with the Company or increase/decrease a stake in the Company or subsidiaries, The Directors must inform the Company without delay.

12) Determine a policy regarding good corporate governance and social responsibility including anti-corruption with effective policy implementation.

13) The Board of Directors may appoint certain directors to form a part of a sub-committee as deemed appropriate, such as to the Executive Board Committee, the Audit Committee, or the Nomination and Remuneration Committee including the CEO in order to perform their duties as given by the Board of Directors.

14) Appoint the Company Secretary to help the Board of Directors in various operations to ensure business operations in accordance with the law and related notices and regulations.

15) Seek professional opinions from third parties, if necessary, to support appropriate decisions.

16) Approve quarterly and annual financial statements in order to present to the shareholders at the Annual General Shareholders Meeting.

17) Arrange for the Annual General Shareholders Meeting within 4 months from the end of fiscal year as well as any Extraordinary General Meetings as required under the regulations as stated in the company's Articles of Association.

18) Consider and approve various matters for the best benefit all groups of stakeholders.



19) Assign one or more directors or other persons to perform any tasks on behalf of the Board of Directors.

The delegation of authority and responsibilities of the Board of Directors will not delegate authority to the Board of Directors or a representative from the Board of Directors who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission and/or the Capital Market Supervisory Board announcement) except for approved transactions in accordance with the policy and criteria approved by Shareholders Meeting or the Board of Directors.

## 2.2 Authority, Duties and Responsibilities of the Audit Committee

1) Review the accuracy of the Company's quarterly and annual financial reports in accordance with generally accepted accounting principles and ensure there is adequate disclosure.

2) Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient and ensure the independence of the internal audit department. In addition, the Audit Committee may appoint, change, or remove the head of the internal audit department or any other department responsible for internal audit tasks.

3) Review the Company's compliance with the laws on securities and exchange; the regulations of the Stock Exchange of Thailand (SET); and the laws relating to the Company's business.

4) Review, select, propose, appoint, or terminate the independent person to act as the Company's auditor and offer remuneration to such person, including attending the meeting with the auditor without a participation from management team at least once a year.

5) Review all connected transactions or transactions that may lead to conflicts of interest and so ensure that they are in compliance with the related laws and the regulations of the SET and that they are reasonable and bring the highest possible benefits to the Company.

6) Prepare reports to be signed by the Chairman of the Audit Committee and disclosed in the Company's Annual Report. These reports must contain the following information.

(a) An opinion on the accuracy, completeness and reliability of the Company's financial report.  
An opinion on the adequacy of the Company's internal control system.

(b) An opinion on the compliance with the laws on securities and exchange, the regulations of the SET and the laws relating to the Company's business.

(c) An opinion on the suitability of the external auditor.

(d) An opinion on transactions that may lead to conflicts of interest.

(e) The number of Committee meetings held and the members' attendance record.

(f) Any comments or opinions received by the Committee regarding its performance in accordance with its Charter.

(g) Any other transaction which, according to the Committee's opinion, should be known to the shareholders and general investors.

7) Review and propose to the Board of Directors to consider and amend the scope of duties and responsibilities of the Audit Committee in accordance with the situation.

8) Examine relevant persons under the authority of the Audit Committee and have the power to hire or bring in a specialist to help with the inspection. The company will be responsible for the expenses.

9) If suspected that the following items or actions may have a significant impact on the Company's financial status and operating results, the Audit Committee will report to the Board of Directors in order to solve the issues within the due date.

(a) Transactions that cause conflicts of interest.

(b) Fraud or irregularities or significant defects in the internal control system.

(c) Violation of the law on Securities and Exchange Regulations and Notifications of the Stock Exchange of Thailand or other relevant law that is applicable to the Company and/or the Company's business. If the Board of Directors does not solve the violation, the Audit Committee may report the transactions to the Securities and Exchange Commission or the Stock Exchange of Thailand.

10) Provide opinions to management regarding the appointment, termination, performance, budget, and compensation of the internal audit department.

11) Review and provide opinions on corporate governance and social responsibility policies and anti-corruption.

12) Review and comment on the Annual Corporate Governance and Social Responsibility Assessment Report and the Anti-Corruption Report of the Company.

13) Perform other tasks as requested by the Board of Directors and other tasks which the Audit Committee agrees to perform.

## 2.3 Authority, Duties and Responsibilities of the Executive Committee

1) Determine vision, strategy, business direction, policy, goal, business plan, budget, management structure and authority limit of the Company and subsidiaries to propose to the Board of Directors for approval and take action as approved by the Board of Directors, including inspecting and following up such action to be efficient and effective.

2) Manage the Company's business operations relating to the general administration of the Company.

3) Approve an agreement and/or any transaction related to the normal business operations of the Company (such as buying, selling, investing, or joint ventures for normal business transactions for the benefit of operations according to the objectives of the Company) within Authority Limits.

4) Approve the borrowing and lending of money or applying for credit approval from a financial institution; including a guarantee or payment of ordinary business transactions with a specific credit limit of each transaction that has already been agreed and assigned. The amount incurred in these transactions

must be under a limit in accordance with the Company guidelines and Authority Limits which have already been reviewed by the Board of Directors.

5) Approve the appointment of various consultants that are necessary for the Company's operations within the budget approved by the Board of Directors each year.

6) Have the authority to invite the management team, executives, or any related persons of the Company to attend a meeting to provide an opinion or relevant information, as necessary.

7) Approve the Company's compensation structure and benefits of management and employees (holding a position lower than the Managing Director/Chief Executive Officer).

8) Report the significant performance of the Executive Committee to the Board of Directors, regularly.

9) Assess the performance of the overall Executive Committee and self-assessment and propose to the Board of Directors annually.

10) Review and propose to the Board of Directors to revise the scope of duties and responsibilities of the Executive Committee in accordance with the situation.

11) Perform any other tasks assigned by the Board of Directors or according to the policies set by the Board of Directors.

12) Delegate the authority one or more persons to take any action on behalf of the Executive Committee.

The delegation of authority and responsibilities of the Executive Committee will not delegate authority to the Executive Committee or a representative from the Executive Committee who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission and/or the Capital Market Supervisory Board announcement) except for approved transactions in accordance with the policy and criteria approved by Shareholders Meeting or the Board of Directors.

#### 2.4 Authority, Duties and Responsibilities of the Risk Management Committee

**The Risk Management Committee has scope of powers, duties and responsibilities as follows.**

1) Consider, evaluate, and review the risk characteristics and identify the Company's risk and determine the Company's risk appetite.

2) Consider and set risk management policies, both internal and external in accordance with the strategy and direction of the business, which must cover at least 4 risks as follows:

- (a) Financial Risk
- (b) Operational Risk
- (c) Strategic Risk
- (d) Compliance Risk

3) Consider and determine strategies and guidelines for risk management in accordance with the risk management policy to assess, monitor, and supervise risk levels within an acceptable level.

4) Supervise a responsible person to comply with the risk management policy so that the Company has an effective risk management system throughout the organization and continual implementation.

5) Consider the structure and appointment of the risk management team in order to assess and monitor risk management results.

6) Consider budgeting and methods of responding to risks that may occur to the Company in order to be used as rules for the operation of each type of risk situation and propose the budget and methods to the Board of Directors for approval.

7) Review the appropriateness and adequacy of the Company's risk management policies, strategies, and practices to ensure that policies, strategies, and guidelines are in line with the Company's strategy and direction and be able to monitor the risk level to an acceptable level including giving advice and support to the Board regarding corporate risk management, promoting and supporting continuous improvement and development of risk management system.

8) Report to the Board of Directors about risks and risk management.

9) Assess the annual performance of the overall risk management committee and the individual risk management committee and propose to the Board of Directors annually.

10) Review and propose to the Board of Directors to consider revising the Authority Limits, duties, and responsibilities of the Risk Management Committee in accordance with the situation.

11) Perform any other tasks as assigned by the Board of Directors or the policies set by the Board of Directors.

## 2.5 Authority, Duties and Responsibilities of the Nomination and Remuneration Committee

**Nomination and Remuneration Committee** The remuneration committee has scope of duties and responsibilities as follows.

1) Specify qualifications and criteria for nominating directors, sub-committee and the President / Chief Executive Officer of the Company as well as selecting appropriate candidates for knowledge, experience, and expertise to be nominated to the Board of Directors to consider the appointment and/or present to the shareholders' meeting for further appointment. (As the case may be)

2) Consider the independence of each independent director to ensure that the independent directors of the Company are fully qualified.

3) Consider the format and process for the development of the President/Chief Executive Officer to be consistent with the business of the Company and the situation.

4) Consider the form and criteria of compensation (whether in cash, securities or otherwise) including the determination of wage, compensation, reward, bonus, and salary increase for directors and sub-committees and the President/Chief Executive Officer to be appropriate, fair and in accordance with relevant laws to propose to the Board of Directors meeting and/or the shareholders' meeting for further approval. (As the case may be)

- 5) Consider the evaluation criteria for the President/Chief Executive Officer and present to the Board of Directors for approval.
- 6) Report the performance of the Nomination and Remuneration Committee to the Board of Directors for acknowledgment.
- 7) Assess the annual performance of the Nomination and Remuneration Committee and the individual nomination committee and propose to the Board of Directors for acknowledgement annually.
- 8) Review and propose to the Board of Directors to consider revising the scope of Authority Limits, duties and responsibilities of the Nomination and Remuneration Committee in accordance with the situation.
- 9) Perform any other tasks as assigned by the Board of Directors or the policies set by the Board of Directors.

## 2.6 Authority, Duties and Responsibilities of the Chief Executive Officer

- 1) Responsible for managing and operating normal business for the benefit of the Company to follow the vision, business directions, policies, business strategies, goals, operational plans and annual budget plans approved by the Executive Committee and/or the Board of Directors and/or as assigned by the Executive Committee and/or the Board of Directors.
- 2) Approve entering into a contract and/or any transaction related to the normal business operations of the Company (such as trading, investing, or jointly investing with other people for normal business transactions of the Company and for the benefit of operations according to the objectives of the Company) within the limit specified in the Authority Limits and/or as the Executive Committee and/or the Board of Directors determine and/or according to relevant laws and regulations and/or in accordance with the regulations of the Company.
- 3) Approve lending and requesting credit facilities from financial institutions, loans, mortgages or becoming guarantors of the Company and subsidiaries within the limit as specified in the Authority Limits) or as the Executive Committee and/or the Board of Directors determine.
- 4) Supervise the Company's overall business operations such as finance, marketing, human management and other operations in accordance with the business strategy policy, target, operational plan and annual budget plan as approved by the Executive Committee and/or the Board of Directors.
- 5) Drive continuous development of the organization and human resource including taking care and maintaining the good image of the organization.
- 6) Appoint various advisors that are necessary for the Company's operations within the power and credit limit as specified in the Authority Limits and/or as specified by the Executive Committee and/or the Board of Directors.

7) Establish rules, regulations, guidelines and requirements for the organization structure in the next position from the Chief Executive Officer, including the employment, appointment, transfer, dismissal and termination of employees in positions lower than the Chief Executive Officer.

8) Determine the wage, compensation, reward, bonuses and salary increases for executives and employees in the next position from the Chief Executive Officer within the framework and policies set by the Executive Committee and/or the Board of Directors.

9) Issue and amend orders, regulations, announcements and notes within the Company for the operations of the Company in accordance with the policy and for the benefit of the Company including maintaining discipline within the organization.

10) Perform other duties as assigned by the Executive Committee and/or the Board of Directors including the authority to take any action necessary to perform such duties.

11) Authorize one or more persons to take any action on behalf of the Chief Executive Officer.

The delegation of authority and responsibilities of the Chief Executive Officer will not delegate authority to the Chief Executive Officer or a representative from the Chief Executive Officer who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission and/or the Capital Market Supervisory Board announcement) except for approved transactions in accordance with the policy and criteria approved by the Board of Directors.

## 2.7 Regulations, approvals, and actions for entering into transactions

Transaction	Authorized Person		
	Chief Executive Officer	Executive Committee	Board of Directors
<b>Transactions from normal business operations</b>			
1. Annual budget approval for operations / investments	-	-	Approve
2. Changing the approved annual budget for operations / investments	Not more than 20% of the approved limit	Not more than 30% of the approved limit	More than 30% of the approved limit
3. Approval of expenses that are not in the budget	Not more than THB 2.5 million	Not more than THB 5 million	More than THB 5 million
4. Approving for the credit term to customers	More than 30 days	-	-
5. Requesting a credit line from a bank	-	Not more than THB 50 million	More than THB 50 million
<b>Other transactions</b>			
6. Short-term investment	Not more than THB 20 million	Not more than THB 50 million	More than THB 50 million
7. Purchasing land / buildings / improvements / corporate cars	-	-	Approve
8. Purchasing corporate cards	-	Approve	Report
9. Approval of additional investment budget	Not more than THB 10 million per project	Not more than THB 20 million per project	More than THB 20 million per project

Remarks: Directors and executives can approve transactions to the amount specified above. However, such approval must comply with the rules on significant transactions that are considered acquisition or disposal of assets and criteria for entering into connected transactions in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand or related laws the Company's business.

## 2.8 Authority, Duties and Responsibilities of the Company Secretary

The Company Secretary has important duties as specified by the Securities and Exchange Act. The Board of Directors has determined the authority, duties and responsibilities of the Company Secretary which has been appointed in the Board of Directors Meeting no. 6/2020 on 12 November 2020.

1) To prepare and maintain the documents, as follows: The Board of Directors Registration, The Notice of the Board of Directors meeting, The Minute of the Board of Directors meeting, The Annual Report and The Notice of the Shareholders' meeting and the Minute of the Shareholders' meeting

2) Keep conflict of interest report from directors or executives under the section 89/14 of the Securities and Exchange Act B.E. 2535 (as amended), including sending a copy of the report to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 working days from the date the Company Received that report.

3) To provide primary legal advice, associated rules, and the Code of Conduct to the Board of Directors, accordance with the law.

4) To schedule the meeting of the Board of Directors and Sub-committee and conduct the Board of Directors' meeting and shareholders' meeting.

5) To coordinate with the regulatory authorities, such as the Security and Exchange Commission and the Stock Exchange of Thailand, in disclosure the information to the authorities and the public with legally accurate.

6) To facilitate the activities of the Board of Directors and other actions in accordance with the law and/or as specified by the Capital Market Supervisory Board and/or as assigned by the Board of Directors.

7) To act on duties, announce by the Capital Market Supervisory Board.

## 3. Nomination and Appointment of Directors and Top Executives

Selection of persons to be appointed as the Company's directors and executives must have qualifications under Section 68 of the Public Limited Company Act B.E. 1992 and must comply with the regulations of the Company and not being under any of the prohibitions under the Notification of the Capital Market Supervisory Board No. 39/2559 regarding the request for permission and permission to offer new issued shares dated 30 September 2016 with the criteria for selecting and appointing directors and executives as follows:

### 3.1 The Board of Directors

The composition of the Board of Directors is as follows:

- 1) The Board of Directors does not have to be a shareholder of the Company.
- 2) The Board of Directors consists of directors a total of not less than 5 members. The directors not less than half of the total number of directors shall have residence in the Kingdom and shall have qualifications as according to the law.
- 3) There shall have independent directors not less than 1 in 3 of the total number of directors and not less than 3 persons.

The Board of Directors will nominate one director to be the Chairman of the Board and in the case that the Board of Directors deems appropriate, it may consider selecting one or several other directors to be the Vice Chairman of the Board of Directors and proposing the names of such persons to the Shareholders' meeting for approval in the next election. The qualifications of the Company's directors are as follows

- 1) Directors must be knowledgeable, capable, honest, and ethical in conducting business and have sufficient time to devote knowledge, ability to perform duties for the Company.

- 2) Directors must have qualifications and are not under any prohibition under the law on public limited companies and other related laws. Moreover, they must not have characteristics that indicate lack of appropriateness to be entrusted with the management of a public-owned business as stipulated by the Office of the Securities and Exchange Commission (SEC).

- 3) Not being a person who operates a similar business and is in competition with the business of the Company or is a partner or director of another juristic person operating a similar business and in competition with the business of the company, whether for benefit of oneself or others, unless notified to the Shareholders' meeting before appointment.

- 4) Independent directors must have qualifications concerning independency as specified by the Company and in accordance with the same guidelines as the qualifications of the Audit Committee according to the announcement of the SET, Subject: Qualifications and Scope of Work of the Audit Committee. The independent directors must be able to look after the interests of all shareholders equally as well as prevent conflicts of interest. In addition, they must also be able to attend meetings of the Board of Directors with independent opinions.

Independent Directors are defined as Directors who do not hold any management position and are not employees of the Company or Subsidiary. They must additionally be independent of any major shareholders, management, and of any other related persons - and they must have the responsibility to determine if there is anything that may affect the equitable treatment of Shareholders. The qualifications to be an Independent Director are as follows:



(a) Hold not more than 1% of the total voting shares of the Company, its parent company, its subsidiaries, its associated companies, major shareholders or a controlling person, including stocks that held by related persons of the Independent Director.

(b) Is not, or has not ever been an executive director, employee, staff member, or advisor who received a salary or a controlling person of the Company, its parent company, its subsidiaries, its associated companies, major shareholders or a controlling person unless the foregoing status has been ended for at least 2 years. This shall not include the Independent Director who used to be a government official or advisor of a government agency which was a major shareholder or acted as controlling persons of the Company.

(c) Is not be a person that related to blood or legal registration, such as father, mother, spouse, sibling or child, including a spouse of the children, managements, major shareholders, controlling persons, or persons to be nominated as management or a controlling person of the Company or its subsidiaries.

(d) Has not, or has not had a business relationship with the Company, its parent company, its subsidiaries, its associated companies or a controlling persons in the manner that may interfere with their independent judgement, or is not, or has not ever been, a major shareholders, managements or controlling persons of any person having a business relationship with the Company, its parent company, its subsidiaries, its associated companies or controlling person unless the foregoing relationship has been ended at least 2 years.

The business relationship includes business transactions that are normally undertaken for the business of leasing or leasing real estate, transactions relating to assets or services or granting or receiving financial assistance by accepting or lending guarantees, providing assets as collateral, any other similar circumstances, resulting in the Company or contractual party having an obligation to pay to the other party from 3% of the Company's net tangible assets or from THB 20 million Baht or more, whichever is lower. The calculation of liabilities shall be in accordance with the method of calculating the value of the connected transaction under the Notification of the Securities and Exchange Commission on rules for related transactions. Mutatis mutandis for the consideration of the said liabilities shall include the liabilities incurred during one year prior to the date of having a business relationship with the same person.

(e) Has not, or has not ever been, an auditor of the Company, its parent company, its subsidiaries, its associated companies or a controlling persons and is not a major shareholders, non-independent directors, managements, controlling persons or partner of an audit firm which employs auditors of the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may have a conflict of interest unless the foregoing relationship has been ended for at least 2 years.

(f) Has not, or has not ever been, any professional advisor including legal or financial advisor who received an annual service fee exceeding Baht 2 million from the Company, its parent company, its subsidiaries, its associated companies or a controlling persons, and is not a major shareholders, nonindependent directors, managements, controlling persons or partner of the professional advisor unless the foregoing relationship has been ended for at least 2 years.

(g) Does not represent as the Company's Board Member or its major shareholders or shareholders who related to the Company's major shareholders.

(h) Does not operate any business similar to, or materially competing with the Company or its subsidiaries or not being a material partner in any partnership, executive director, employee, staff, advisor who receives salary or holds more than 1% of total voting shares of the company which operates similar to, or materially competing business with the Company or its subsidiaries.

(i) Has no characteristics which make incapable of expressing independent opinions with regard to the Company's business.

### 3.2 The Audit Committee

The Board of Directors or the Shareholders' meeting appoints the independent directors of the Company to the Audit Committee. The Audit Committee must have at least 3 members; all of them must be independent directors. At least 1 member of the Audit Committee must have sufficient knowledge and experience in accounting or finance to review financial statements. In this regard, the Audit Committee must have the following qualifications:

1) Qualified as an independent director according to the rules and conditions set by the Securities and Exchange Commission and the Stock Exchange of Thailand.

2) Not being a director assigned by the Board of Directors to decide the business operations of the Company, parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or the person with power of controlling the Company.

3) Not being a director of the parent company, subsidiary company and same-level subsidiary company in the listed company only.

4) Have sufficient knowledge and experience to be able to perform duties as an Audit Committee. At least one person of the Audit Committee has the sufficient knowledge and experience to review the reliability of the financial statements.

### 3.3 The Executive Committee

The Board of Directors selects and appoints persons to be executives. The Executive Committee comprised of at least 4 members. The Executive Committee is not required to hold the position of the Board of Directors. Executives must have the following qualifications:

1) Have sufficient knowledge, honesty and business ethics and have sufficient time to devote knowledge and capability to perform duties for the Company.

2) Has complete qualifications and does not have any characteristics prohibited under relevant law.

3) Not being a person who operates a similar business and is in competition with the business of the Company or is a partner or director of another juristic person operating a similar business and in

competition with the business of the company, whether for benefit of oneself or others, unless notified to the Board of Directors' meeting before appointment.

### 3.4 The Risk Management Committee

The Board of Directors selects and appoints persons to be directors of the Risk Management Committee. The Risk Management Committee comprised of at least 3 members. The directors of Risk Management Committee are not required to hold the position of the Board of Directors. The directors of the Risk Management Committee must have the following qualifications:

- 1) Have sufficient knowledge, honesty and business ethics and have sufficient time to devote knowledge and capability to perform duties for the Company.
- 2) Has complete qualifications and does not have any characteristics prohibited under relevant law.
- 3) Not being a person who operates a similar business and is in competition with the business of the Company or is a partner or director of another juristic person operating a similar business and in competition with the business of the company, whether for benefit of oneself or others, unless notified to the Board of Directors' meeting before appointment.

### 3.5 The Nomination and Remuneration Committee

The Board of Directors selects and appoints persons to be directors of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprised of at least 3 members. The Nomination and Remuneration Committee selects 1 independent director as the Chairman of the Nomination and Remuneration Committee to be the main driver to perform duties independently as the Nomination and Remuneration Committee. The directors of the Nomination and Remuneration Committee must have the following qualifications:

- 1) Have sufficient knowledge, honesty and business ethics and have sufficient time to devote knowledge and capability to perform duties for the Company.
- 2) Has complete qualifications and does not have any characteristics prohibited under relevant law.
- 3) Not being a person who operates a similar business and is in competition with the business of the Company or is a partner or director of another juristic person operating a similar business and in competition with the business of the company, whether for benefit of oneself or others, unless notified to the Board of Directors' meeting before appointment.

### 3.6 Chief Executive Officer

When the position of Executive Committee or Chief Executive Officer becomes vacant or the persons holding the position cannot perform their duties, the Nomination and Remuneration Committee will assign a person holding a similar position or a second position to acting temporary until the Company select qualified persons according to the specified criteria. The Nomination and Remuneration Committee will determine the qualifications and criteria for the selection of the Chief Executive Officer of the Company and consider selecting suitable candidates with knowledge, experience, expertise, vision and understanding corporate culture. Candidates must also have business ethics with neutral in politics and are propose to the Board of Directors for appointment.

## 4. Control and Supervisory of Subsidiaries, Associate Companies and Joint Ventures

At present, the Company does not have investments in subsidiaries or associates. However, if the Company will invest in a subsidiary or an associate in the future, the Company has set policy on supervisory and management of subsidiaries, associate companies, and joint ventures to benefit and support the business operations and strengthen the Company's performance. The Company will consider the investment proportion, expected profit, risks that may occur and financial status of the company before investing in various projects. The investment approval must be considered from the Board of Directors' meeting and/or the Shareholders' meeting as specified in the authorization table for the operations and enter into transactions of the Company.

The Company will send its representative with qualifications and experience suitable for the business to position as a director of each subsidiary, associated companies. The said representative may be the Chairman of the Board of Directors, (Managing Director / Chief Executive Officer) Director of the Company, High-level Executive or any person of the Company without conflict of interest with the business of those subsidiaries and associates. To oversee the business and operations of its subsidiaries and associates, the representative must manage the business of the subsidiaries and associates in accordance with the rules and regulations of subsidiaries and/or that associated company. The representative must also report the performance of subsidiaries and associated companies to the Board of Directors' meeting. In addition, the Company may consider sending a representative to be the director in subsidiaries and associated companies according to the shareholding proportion of the Company and/or according to the agreements between the shareholders of subsidiaries and associated companies.

In this regard, the Company will closely monitor the performance and the operations of the subsidiaries and associated companies including supervising the data collection and accounting records of subsidiaries and associated companies for the Company's inspection.

## 5. Supervision on the use of Insider Information

The Company realizes the importance of the prevention of the use of insider information. The Company requires that directors, executives, and employees must not disclose confidential information of the Company that may have an impact on the price or value of the Company's securities ("Insider Information") to anyone outside of the Company or seek to benefit from for themselves or for others, whether directly or indirectly and whether or not they will be awarded. They must not trade securities or enter into future contracts related to the Company's securities by using internal information. In this regard, the Company has established guidelines to prevent the use of insider information as follows:

1) The Company provides knowledge to directors and executives concerning the duty to report the securities holdings of themselves, their spouses, their children who have not yet become sui juris and directors and executives who hold the Company's shares more than 30 percent of total number of voting rights to the Office of the Securities and Exchange Commission under Section 59 and penalties under Section 275 of the Securities and Exchange Act B.E. 2535, including reporting of acquisition or disposition of securities of themselves, their spouses, their children who have not yet become sui juris the Office of the Securities and Exchange Commission under Section 246 and the penalty under Section 298 of the Securities and Exchange Act.

2) The Company requires directors and executives including their spouses or their children who have not yet become sui juris to notify changes and report changes the Office of the Securities and Exchange Commission within the period in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 and relevant announcements, including submitting a copy of the report to the Company Secretary on the same day that the report is submitted to the Office of the Securities and Exchange Commission.

3) The Company requires that directors, executives, executives in accounting or financial positioning as assistant managing director or higher or equivalent to the said position and related employees who were informed of the substantial internal information which will affect the price of securities, must suspend the trading of the Company's securities prior to the distribution of the information regarding financial statements, financial status and the Company status which means the period of 30 days before and until the date of the company's financial statements and performance will be disclosed to the public both quarterly and annually and a period of 24 hours after the information has been disclosed to the public. In case of any violation of the said regulations, the Company will be considered a disciplinary offense according to the regulations of the Company by considering the punishment as appropriate to the case from verbal warning, written warning, wage reduction, taking a leave without pay and termination of employment.

## 6. Conflict of Interest Policy

The Company has established policies regarding the prevention of conflict of interest that any decision in conducting business activities must be for the best interest of the Company and its shareholders and should avoid actions that may cause conflict of interest. Any action that related persons receive benefits or loses benefits whether directly or indirectly from the transaction of the Company or subsidiaries must be notified their relationship or interest in the said transaction to the Company. In addition, related persons must not participate in approval consideration and have the authority to approve the transaction.

## 7. Auditor's remuneration

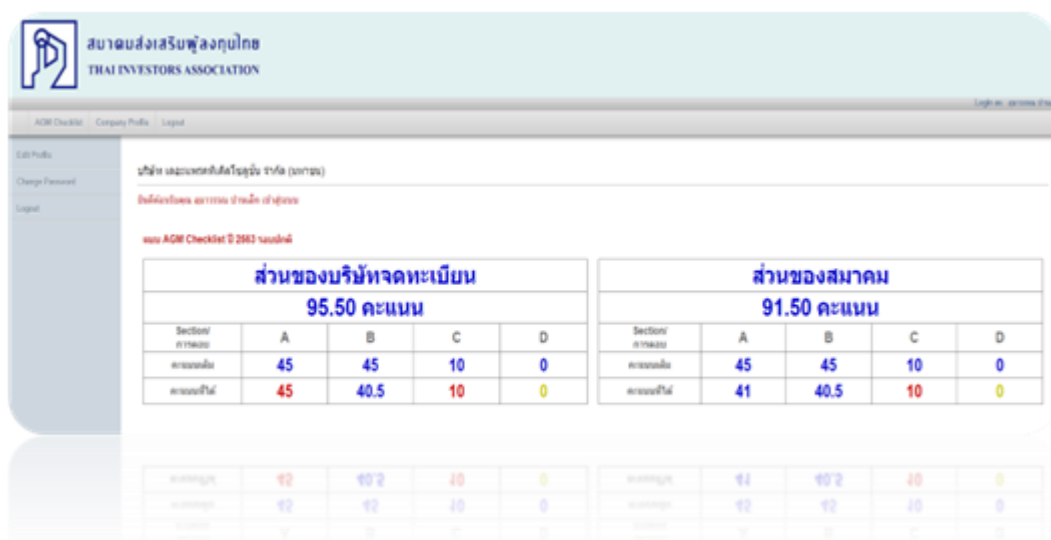
For the year ended 31 December 2020 and 31 December 2019, the Company has paid audit fees to the auditor of Dharmniti Auditing Co., Ltd. as follows:

(Unit: THB)

Details	Year 2020	Year 2019
Audit Fee	560,000.00	560,000.00
Quarterly review of financial statements	420,000.00	420,000.00
Other service fees (Non-Audit Fee)	-	150,000.00*
Total	980,000.00	1,080,000.00

Remark: \* The compensation for other services occurred in preparation for listing the Company on the stock exchange.

In 2020, the Company received the quality assessment of the arrangement of the 2020 Annual General Meeting (AGM) of shareholders, scoring 91.5 points/100, "very good" criteria score from the AGM Quality Assessment project of the Thai Investors Association.



ส่วนของบริษัทจดทะเบียน 95.50 คะแนน					ส่วนของสมาคม 91.50 คะแนน				
Section/รายการ	A	B	C	D	Section/รายการ	A	B	C	D
การลงมติ	45	45	10	0	การลงมติ	45	45	10	0
การลงมติ	45	40.5	10	0	การลงมติ	41	40.5	10	0
การลงมติ	42	40.2	10	0	การลงมติ	41	40.2	10	0
การลงมติ	42	42	10	0	การลงมติ	42	42	10	0
การลงมติ	4	0	0	0	การลงมติ	4	0	0	0

The Board of Directors (BoD) believes that the good corporate governance practice will be an important factor that results in the Company becoming a leading company with stable and sustainable growth. The BoD has considered, reviewed & improved the guidelines in accordance with good corporate governance to make it complete and updated, in line with the situation and current, divided into 5 sections as follows:

## Section 1 Shareholder's Rights

### 1. Shareholder Meeting

The Board of Directors (BoD) realizes the importance of the shareholders' rights with the responsibility for managing the company with care and prudence, taking into account the rights and equality of the shareholders and maintaining the best interests of the shareholders. Each shareholder, whether an investor in securities, or a retail investor, or an institutional investor, and as one of the owners of the Company, is entitled to the followings:



#### 1.1 Basic rights

The right to buy, sell or transfer shares.

The right to attend shareholders' meetings.

The right to propose additional agenda items.

The right to receive dividends.

The right to nominate a director.

The right to vote on various agenda of the Company.

The right to vote to appoint and set remuneration for the Auditor.

The right to vote to elect, or to remove a director individually.

The right to give proxy to others to attend and vote in the meeting.

The right to express opinions and ask questions at the shareholders' meeting, and to send questions in advance.

The right to receive the Company's information and news sufficiently and timely.

Facilitating shareholders to fully exercise their rights to attend the meeting, and to vote

## 1.2 Annual General Meeting (AGM)

The Board of Directors specifies the schedule of the annual general meeting (AGM) of shareholders to be within 4 months from the end of the Company's accounting year, including in case there is an urgent need to propose a special agenda that affects or relates to the interests of the shareholders, or regarding the applicable conditions or laws that require shareholders' approval.

In the year 2020, the Company held the Annual General Meeting (AGM) of Shareholders on July 22, 2020 from 14.00 - 16.00 hrs. at the Meeting Room (2nd floor), The Practical Solution Public Company Limited, 99 Soi Cement Thai, Ratchadaphisek road, Ladyao subdistrict, Chatuchak district, Bangkok 10900.

## 1.3 Dissemination of supporting information for the agenda

To call the shareholders' meeting, the BoD has arranged the invitation letter specifying the venue, date, time, agenda and the matters to be proposed to the meeting, including details and reasons as appropriate.

The agenda of the meeting will be stated clearly including the opinions of the BoD for each agenda.

These documents will be delivered to the shareholders and the registrar via registered mail no less than 21 days before the meeting date. These documents will be posted on the Company's website [www.thepractical.co.th](http://www.thepractical.co.th) and the notice will be advertised in the newspaper to invite shareholders for the meeting at least 3 days before the meeting date in accordance with the Company's regulations or as required by law.

## 1.4 Extraordinary General Meeting (EGM) of Shareholders

The Company will call an extraordinary general meeting of shareholders on a case-by-case basis; or when the shareholders hold shares amounting to not less than one-fifth of the total number of shares sold; or shareholders of not less than 25 persons holding shares of not less than one-tenth of the total number of shares sold, may submit a letter requesting the BoD to call an EGM of shareholders at any time. The reason for requesting such shareholders' meeting must also be stated. In such case, the BoD must hold a shareholders' meeting within one month from the date of receipt of the letter from the shareholders. For the BoD to make resolution at such meeting, there must be the presence of no less than two-thirds of the total number of directors.

## 1.5 Facilitating the exercise of rights to shareholders and institutional investors

The Company provided opportunities for shareholders to propose meeting agendas, nominate persons to be considered & elected as directors, and to send questions in advance at the 2020 AGM of Shareholders from November 30, 2019 until December 31, 2019. There were neither shareholders proposing agendas nor nominating qualified persons to be appointed as directors. There were no questions related to the meeting that were supposed to be submitted in advance.



## 1.6 Proxy

In the event that a shareholder cannot attend the meeting by himself/herself, the Company provides an easy-to-fill proxy form that the shareholder can elect a director by oneself, or use an alternative by nominating an independent director or another person as shareholder proxy by using any proxy form that the Company has sent along with the meeting invitation letter.

In addition, the shareholders can download the proxy form via the Company's website. For shareholders who are institutional investors or foreign investors and have appointed a custodian in Thailand to be securities depository and account keeper, the Company has coordinated in terms of documents and evidences that must be identified before attending the meeting in advance, to ensure more convenient and faster registration process on the meeting day.



## 2. Procedure on the shareholders' meeting day

The BoD, management team, corporate secretary, and auditors attended the meeting to answer questions from shareholders, with the Chairman of the BoD chairing the meeting. The Chairman assigned the corporate secretary or assigned the MC to clarify the number of shareholders who were attending in person and the proxy forms and explained the shareholders' rights according to the regulations, the meeting agenda, questioning or sharing opinion process, the method of voting by ballot in each agenda one by one, and announcement of the results of the vote counting.

The Company has complied with the regulations of the Company in voting strictly, and no other agenda was added to those previously specified in the invitation letter to the Shareholders' meeting.

### 3. Preparation of meeting minutes and disclosure of the Shareholders' meeting resolutions

The Company has notified the resolution of the shareholders' meeting to The Stock Exchange of Thailand and recorded the Shareholders' meeting every time with correct and complete contents, including details of the directors, executives, secretary and auditor attending the meeting, notification of scores for each agenda, inquiries, questions & answers, and important opinions, making it available for the shareholders to review & examine the information.

The Company has notified the minutes of the meeting to The Stock Exchange of Thailand within 14 days of the Shareholders' meeting, and has prepared the minutes of the AGM of Shareholders' meeting to be posted on the Company's website so that the shareholders and related persons can review&examine. The Company arranged to have the following documents delivered to the listed companies' Registrar: Annual Report together with photocopy of the balance sheet and profit & loss statement already reviewed by the auditor and reviewed & approved by the shareholders' meeting, along with photocopy of the minutes of the shareholders' meeting related to the balance sheet approval, profit allocation and dividend payment. In addition, the Company also posted the minutes of the AGM of Shareholders' meeting on the Company's website: [www.thepractical.co.th](http://www.thepractical.co.th).

The Company has prepared voting cards for shareholders for every agenda. For the appointment of directors, the shareholders shall exercise their rights in appointing individual shareholders, by using the one share-one vote (OSOV) rule. The voting must be made openly.

The Chairman is in charge of the meeting and gives opportunities for shareholders to express their opinions and questions sufficiently & appropriately before having a resolution on that agenda, and arranges voting cards to be distributed to shareholders. When the shareholders have cast their votes, the vote counting will be organized and the voting results will be announced to the shareholders. The shareholders are welcomed to apply for the duty of counting, observing, and verifying the accuracy of the votes in various agendas, which are carried out transparently and accurately. The Company has kept the ballots as evidence for later review.

In addition, the resolutions of the meeting were recorded inclusive of the number of affirmative, against or abstain votes in each agenda, as well as recording inquiries, answering questions, and the expressing of opinions of the meeting. Moreover, there is also a recording of the meeting in the form of a presentation document and a webcast: the 2020 Annual General Meeting of Shareholders.



#### Presentation Slide

<http://tps.listedcompany.com/attachment.html?id=137088>

\*\* Presentation documents for the 2020 Annual General Meeting of Shareholders



#### Webcast

<http://tps.listedcompany.com/attachment.html?id=140484>

\*\* Webcast - Annual General Meeting of Shareholders 2020



## Management Structure

As of 31 December 2020, the Company has 5 committees consisting of the Board of Directors, Audit Committee, Executive Committee, Risk Management Committee and Nomination and Remuneration Committee.

The Board of Directors consists of:

Full Name		Position
1. Mr. Anocha	Wongrunroj <sup>2</sup>	Chairman of the Board of Directors / Independent Director / Member of the Audit Committee
2. Mr. Bunsom	Kitkasetsathaporn	Director / Chief Executive Officer
3. Mr. Matee	Witawasiri	Director
4. Ms. Janchay	Wetpanya <sup>1</sup>	Director
5. Ms. Aumaporn	Sengsui	Director
6. Mrs. Ratchanee	Pattanaalertphan	Independent Director
7. Mr. Wuttichai	Chartisaranuwat <sup>1</sup>	Independent Director
8. Mr. Than	Siripokee <sup>3</sup>	Independent Director
9. Mr. Preecha	Ua-anantathanakul <sup>3</sup>	Independent Director

Remarks: 1 Appointed as Director from the Annual General Meeting of Shareholders of the year 2020 on July 22, 2020

2 Appointed as the Chairman of the Board of Directors from the Extraordinary General Meeting of Shareholders No. 2/2018 on 30 October 2018

3 Appointed as Director from the Annual General Meeting of Shareholders of the year 2020 on July 22, 2020

Miss Khitteela Kongkreatpreeda is the secretary to the Board of Directors and the company secretary which was appointed from the Board of Directors meeting No. 6/2020 on 12 November 2020

### Authorized Directors

Mr. Bunsom Kitkasetsathaporn jointly signs with Mr. Matee Witawasiri or either jointly signs with either Ms. Janchay Wetpanya or Ms. Aumaporn Sengsui and with the Company's seal affixed.

### Authority, Duties and Responsibilities of the Board of Directors

The Board of Directors has an important role in governing the management of the Company including determining policy directions and business strategy for the best benefit of the Company and shareholders and monitoring the management of the various sub-committees. The Board of Directors also

has the authority and responsibility as specified in the law, regulations and the objectives and resolutions of the shareholders' meetings of the Company, including the following actions.

- 1) Perform its duties with honesty, integrity and prudence, in accordance with the law, the Company's objectives and Articles of Association, and all resolutions of the Annual General Shareholders Meeting in order to carefully protect the Company's interests.
- 2) Determine the Company's policies, objectives, direction, business plans, and budgets including the supervision and management of the Company executives in accordance with the agreed business policies. Promote the use of information technology to increase business opportunities and business performance in order to comply with the policy with efficiency and effectiveness in order to maximize the value of the Company and shareholders.
- 3) Control, regulate, and evaluate the management team's performances as well as the Company's performance.
- 4) Appoint and consider the compensation package and the terms & conditions of the employment of the CEO.
- 5) Ensure that the Company and subsidiaries have appropriate and efficient accounting system with reliable financial reporting and auditing. Create the Company's control systems in order to maintain creditability and confidence. Promote the use of information technology for information dissemination.
- 6) Acknowledging the audit reports of the Audit Committee and other sub-committees and supervise the business to have a mechanism to receive complaints and take action.
- 7) Consider and approve the disposal of assets (in case that the size of the transaction does not need to be considered by the shareholders' meeting) and approve any new business investment and operations in accordance with the law and related notices and regulations.
- 8) Consider and approve the connected transactions. (in case that the size of the transaction does not need to be considered by the shareholders' meeting) in accordance with the law and related notices and regulations.
- 9) Consider and approve interim dividend payment to the shareholders of the Company.
- 10) Ensure that management has in place risk management policies, processes and controls.
- 11) Ensure that no conflict of interest between the Company's stakeholders. In the event that the Directors have interests in any transactions with the Company or increase/decrease a stake in the Company or subsidiaries, The Directors must inform the Company without delay.
- 12) Determine a policy regarding good corporate governance and social responsibility including anti-corruption with effective policy implementation

13) The Board of Directors may appoint certain directors to form a part of a sub-committee as deemed appropriate, such as to the Executive Board Committee, the Audit Committee, or the Nomination and Remuneration Committee including the CEO in order to perform their duties as given by the Board of Directors.

14) Appoint the Company Secretary to help the Board of Directors In various operations to ensure business operations in accordance with the law and related notices and regulations.

15) Seek professional opinions from third parties, if necessary, to support appropriate decisions.

16) Approve quarterly and annual financial statements in order to present to the shareholders at the Annual General Shareholders Meeting.

17) Arrange for the Annual General Shareholders Meeting within 4 months from the end of fiscal year as well as any Extraordinary General Meetings as required under the regulations as stated in the company's Articles of Association.

18) Consider and approve various matters for the best benefit all groups of stakeholders.

19) Assign one or more directors or other persons to perform any tasks on behalf of the Board of Directors.

The delegation of authority and responsibilities of the Board of Directors will not delegate authority to the Board of Directors or a representative from the Board of Directors who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission and/or the Capital Market Supervisory Board announcement) except for approved transactions in accordance with the policy and criteria approved by Shareholders Meeting or the Board of Directors.

## The Audit Committee

The Audit Committee consists of:

Full Name		Position
1. Mr. Wutticha	Chartisaranuwat	Chairman of the Audit Committee
2. Mr. Anocha	Wongrunroj	Director of the Audit Committee
3. Mrs. Ratchanee	Pattanalertphan	Director of the Audit Committee

Mrs. Ratchanee Phatthanalertphan is the director of the Audit Committee with sufficient knowledge and experience in reviewing the reliability of financial statements. Miss Khitteela Kongkreatpreeda is the secretary of the Audit Committee appointed by the Board of Directors meeting no. 6/2020 on 12 November 2020.

## Authority, Duties and Responsibilities of the Audit Committee

1) Review the accuracy of the Company's quarterly and annual financial reports in accordance with generally accepted accounting principles and ensure there is adequate disclosure.

2) Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient and ensure the independence of the internal audit department. In addition, the Audit Committee may appoint, change or remove the head of the internal audit department or any other department responsible for internal audit tasks.

3) Review the Company's compliance with the laws on securities and exchange; the regulations of the Stock Exchange of Thailand (SET); and the laws relating to the Company's business.

4) Review, select, propose, appoint, or terminate the independent person to act as the Company's auditor and offer remuneration to such person, including attending the meeting with the auditor without a participation from management team at least once a year.

5) Review all connected transactions or transactions that may lead to conflicts of interest and so ensure that they are in compliance with the related laws and the regulations of the SET and that they are reasonable and bring the highest possible benefits to the Company.

6) Prepare reports to be signed by the Chairman of the Audit Committee and disclosed in the Company's Annual Report. These reports must contain the following information.

(a) An opinion on the accuracy, completeness and reliability of the Company's financial report.  
An opinion on the adequacy of the Company's internal control system.

(b) An opinion on the compliance with the laws on securities and exchange, the regulations of the SET and the laws relating to the Company's business.

(c) An opinion on the suitability of the external auditor.

(d) An opinion on transactions that may lead to conflicts of interest.

(e) The number of Committee meetings held and the members' attendance record.

(f) Any comments or opinions received by the Committee regarding its performance in accordance with its Charter.

(g) Any other transaction which, according to the Committee's opinion, should be known to the shareholders and general investors.

7) Review and propose to the Board of Directors to consider and amend the scope of duties and responsibilities of the Audit Committee in accordance with the situation.

8) Examine relevant persons under the authority of the Audit Committee and have the power to hire or bring in a specialist to help with the inspection. The company will be responsible for the expenses.

9) If suspected that the following items or actions may have a significant impact on the Company's financial status and operating results, the Audit Committee will report to the Board of Directors in order to solve the issues within the due date.



(a) Transactions that cause conflicts of interest.

(b) Fraud or irregularities or significant defects in the internal control system.

(c) Violation of the law on Securities and Exchange Regulations and Notifications of the Stock Exchange of Thailand or other relevant law that is applicable to the Company and/or the Company's business. If the Board of Directors does not solve the violation, the Audit Committee may report the transactions to the Securities and Exchange Commission or the Stock Exchange of Thailand.

10) Provide opinions to management regarding the appointment, termination, performance, budget and compensation of the internal audit department.

11) Review and provide opinions on corporate governance and social responsibility policies and anti-corruption.

12) Review and comment on the Annual Corporate Governance and Social Responsibility Assessment Report and the Anti-Corruption Report of the Company.

13) Perform other tasks as requested by the Board of Directors and other tasks which the Audit Committee agrees to perform.

## The Executive Committee

The Executive Committee consists of:

Full Name		Position
1. Mr. Bunsom	Kitkasetsathaporn	Chairman of the Executive Committee
2. Mr. Matee	Witawasiri	Executive Director
3. Ms. Janchay	Wetpanya	Executive Director
4. Ms. Aumaporn	Sengsui	Executive Director

Miss Khitteela Kongkreatpreeda is the secretary to the Executive Committee which was appointed from the Board of Directors meeting No. 6/2020 on 12 November 2020.



## Authority, Duties and Responsibilities of the Executive Committee

- 1) Determine vision, strategy, business direction, policy, goal, business plan, budget, management structure and authority limit of the Company and subsidiaries to propose to the Board of Directors for approval and take action as approved by the Board of Directors, including inspecting and following up such action to be efficient and effective.
- 2) Manage the Company's business operations relating to the general administration of the Company.
- 3) Approve an agreement and/or any transaction related to the normal business operations of the Company (such as buying, selling, investing, or joint ventures for normal business transactions for the benefit of operations according to the objectives of the Company) within Authority Limits.
- 4) Approve the borrowing and lending of money or applying for credit approval from a financial institution; including a guarantee or payment of ordinary business transactions with a specific credit limit of each transaction that has already been agreed and assigned. The amount incurred in these transactions must be under a limit in accordance with the Company guidelines and Authority Limits which have already been reviewed by the Board of Directors.
- 5) Approve the appointment of various consultants that are necessary for the Company's operations within the budget approved by the Board of Directors each year.
- 6) Have the authority to invite the management team, executives, or any related persons of the Company to attend a meeting to provide an opinion or relevant information as necessary.
- 7) Approve the Company's compensation structure and benefits of management and employees (holding a position lower than the Managing Director/Chief Executive Officer).
- 8) Report the significant performance of the Executive Committee to the Board of Directors, regularly.
- 9) Assess the performance of the overall Executive Committee and self-assessment and propose to the Board of Directors annually.
- 10) Review and propose to the Board of Directors to revise the scope of duties and responsibilities of the Executive Committee in accordance with the situation.
- 11) Perform any other tasks assigned by the Board of Directors or according to the policies set by the Board of Directors.
- 12) Delegate the authority one or more persons to take any action on behalf of the Executive Committee. The delegation of authority and responsibilities of the Executive Committee will not delegate authority to the Executive Committee or a representative from the Executive Committee who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission

and/or the Capital Market Supervisory Board announcement) except for approved transactions in accordance with the policy and criteria approved by Shareholders Meeting or the Board of Directors.

## The Risk Management Committee

The Risk Management Committee consists of:

Full Name		Position
1. Mrs. Ratchanee	Pattanalertphan	Chairman of the Risk Management Committee
2. Mr. Matee	Witawasiri	Risk Management Director
3. Ms. Aumaporn	Sengsui	Risk Management Director

The Risk Management Committee was appointed by the Board of Directors meeting No. 3/2019 on 13 June 2019 with Mr. Thongchai Subin is the secretary of the Risk Management Committee.

### Authority, Duties and Responsibilities of the Risk Management Committee

- 1) Consider, evaluate and review the risk characteristics and identify the Company's risk and determine the Company's risk appetite.
- 2) Consider and set risk management policies, both internal and external in accordance with the strategy and direction of the business, which must cover at least 4 risks as follows:
  - (a) Financial Risk
  - (b) Operational Risk
  - (c) Strategic Risk
  - (d) Compliance Risk
- 3) Consider and determine strategies and guidelines for risk management in accordance with the risk management policy to assess, monitor, and supervise risk levels within an acceptable level.
- 4) Supervise a responsible person to comply with the risk management policy so that the Company has an effective risk management system throughout the organization and continual implementation.
- 5) Consider the structure and appointment of the risk management team in order to assess and monitor risk management results.
- 6) Consider budgeting and methods of responding to risks that may occur to the Company in order to be used as rules for the operation of each type of risk situation and propose the budget and methods to the Board of Directors for approval.

- 7) Review the appropriateness and adequacy of the Company's risk management policies, strategies, and practices to ensure that policies, strategies and guidelines are in line with the Company's strategy and direction and be able to monitor the risk level to an acceptable level including giving advice and support to the Board regarding corporate risk management, promoting and supporting continuous improvement and development of risk management system.
- 8) Report to the Board of Directors about risks and risk management.
- 9) Assess the annual performance of the overall risk management committee and the individual risk management committee and propose to the Board of Directors annually.
- 10) Review and propose to the Board of Directors to consider revising the Authority Limits, duties and responsibilities of the Risk Management Committee in accordance with the situation.
- 11) Perform any other tasks as assigned by the Board of Directors or the policies set by the Board of Directors.

## The Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of:

Full Name		Position
1. Mr. Anocha	Wongrungrroj	Chairman of the Nomination and Remuneration Committee
2. Mr. Wuttichai	Chartisaranuwat	Nomination and Remuneration Director
3. Mr. Bunsom	Kitkasetstaporn	Nomination and Remuneration Director

Appointed by the Board of Directors meeting No. 6/2020 on 12 November 2020, with Miss Khitteela Kongkreatpreeda is the secretary of the Nomination and Remuneration Committee.

### Authority, Duties and Responsibilities of the Nomination and Remuneration Committee

- 1) Specify qualifications and criteria for nominating directors, sub-committee and the President / Chief Executive Officer of the Company as well as selecting appropriate candidates for knowledge, experience, and expertise to be nominated to the Board of Directors to consider the appointment and/or present to the shareholders' meeting for further appointment. (As the case may be)
- 2) Consider the independence of each independent director to ensure that the independent directors of the Company are fully qualified.
- 3) Consider the format and process for the development of the President/Chief Executive Officer to be consistent with the business of the Company and the situation.

- 4) Consider the form and criteria of compensation (whether in cash, securities or otherwise) including the determination of wage, compensation, reward, bonus and salary increase for directors and sub-committees and the President/Chief Executive Officer to be appropriate, fair and in accordance with relevant laws to propose to the Board of Directors meeting and/or the shareholders' meeting for further approval. (As the case may be)
- 5) Consider the evaluation criteria for the President/Chief Executive Officer and present to the Board of Directors for approval.
- 6) Report the performance of the Nomination and Remuneration Committee to the Board of Directors for acknowledgment.
- 7) Assess the annual performance of the Nomination and Remuneration Committee and the individual nomination committee and propose to the Board of Directors for acknowledgement annually.
- 8) Review and propose to the Board of Directors to consider revising the scope of Authority Limits, duties and responsibilities of the Nomination and Remuneration Committee in accordance with the situation.
- 9) Perform any other tasks as assigned by the Board of Directors or the policies set by the Board of Directors.

#### Authority, Duties and Responsibilities of the Chief Executive Officer

- 1) Responsible for managing and operating normal business for the benefit of the Company to follow the vision, business directions, policies, business strategies, goals, operational plans and annual budget plans approved by the Executive Committee and/or the Board of Directors and/or as assigned by the Executive Committee and/or the Board of Directors.
- 2) Approve entering into a contract and/or any transaction related to the normal business operations of the Company (such as trading, investing, or jointly investing with other people for normal business transactions of the Company and for the benefit of operations according to the objectives of the Company) within the limit specified in the Authority Limits and/or as the Executive Committee and/or the Board of Directors determine and/or according to relevant laws and regulations and/or in accordance with the regulations of the Company.
- 3) Approve lending and requesting credit facilities from financial institutions, loans, mortgages or becoming guarantors of the Company and subsidiaries within the limit as specified in the Authority Limits) or as the Executive Committee and/or the Board of Directors determine.
- 4) Supervise the Company's overall business operations such as finance, marketing, human management and other operations in accordance with the business strategy policy, target, operational plan and annual budget plan as approved by the Executive Committee and/or the Board of Directors.
- 5) Drive continuous development of the organization and human resource including taking care and maintaining the good image of the organization.

6) Appoint various advisors that are necessary for the Company's operations within the power and credit limit as specified in the Authority Limits and/or as specified by the Executive Committee and/or the Board of Directors.

7) Establish rules, regulations, guidelines and requirements for the organization structure in the next position from the Chief Executive Officer, including the employment, appointment, transfer, dismissal and termination of employees in positions lower than the Chief Executive Officer.

8) Determine the wage, compensation, reward, bonuses and salary increases for executives and employees in the next position from the Chief Executive Officer within the framework and policies set by the Executive Committee and/or the Board of Directors.

9) Issue and amend orders, regulations, announcements and notes within the Company for the operations of the Company in accordance with the policy and for the benefit of the Company including maintaining discipline within the organization.

10) Perform other duties as assigned by the Executive Committee and/or the Board of Directors including the authority to take any action necessary to perform such duties.

11) Authorize one or more persons to take any action on behalf of the Chief Executive Officer.

The delegation of authority and responsibilities of the Chief Executive Officer will not delegate authority to the Chief Executive Officer or a representative from the Chief Executive Officer who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission and/or the Capital Market Supervisory Board announcement) except for approved transactions in accordance with the policy and criteria approved by the Board of Directors.

## The Company's Management

The Company's Management consists of

Full Name		Position
1. Mr. Bunsom	Kitkasetsathaporn	Chief Executive Officer
2. Mr. Matee	Witawasiri	Executive Vice President, Operations
3. Ms. Janchay	Wetpanya	Chief Financial Officer
4. Ms. Aumaporn	Sengsui	Senior Vice President, Sales
5. Mrs. Jarunya	Kitkasetsathaporn	Senior Vice President, General Administration
6. Mr. Nuttawut	Jantarasittiphol <sup>1</sup>	Senior Vice President, Operations
7. Mrs. Daonapa	Sukduang	Assistant Vice President, Accounting
8. Ms. Supawadee	Thirachat	Assistant Vice President, Finance

Remark: <sup>1</sup>The executive appointed by the Board of Directors Meeting No. 7/2020 on 04 May 2020.

## Company Secretary

In the Board of Directors Meeting no. 6/2020 on 12 November 2020, the Board of Directors appointed Miss Khitteela Kongkreatpreeda as the Company Secretary to comply with Section 89/15 of the Securities and Exchange Act B.E. 2535, amended by the Securities and Exchange Act (No.4) 2551. Miss Khitteela Kongkreatpreeda attended the Corporate Secretary Certification Program (CSP), Class 85/2018, on 18 – 19 January, 2018. The Role of the Company Secretary is as follows:

1) To prepare and maintain the documents, as follows: The Board of Directors Registration, The Notice of the Board of Directors meeting, The Minute of the Board of Directors meeting, The Annual Report and The Notice of the Shareholders' meeting and the Minute of the Shareholders' meeting.

2) Keep conflict of interest report from directors or executives under the section 89/14 of the Securities and Exchange Act B.E. 2535 (as amended), including sending a copy of the report to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 working days from the date the Company Received that report.

3) To provide primary legal advices, associated rules, and the Code of Conduct to the Board of Directors, accordance with the law.

4) To schedule the meeting of the Board of Directors and Sub-committee and conduct the Board of Directors' meeting and shareholders' meeting.

5) To coordinate with the regulatory authorities, such as the Security and Exchange Commission and the Stock Exchange of Thailand, in disclosure the information to the authorities and the public with legally accurate.

6) To facilitate the activities of the Board of Directors and other actions in accordance with the law and/or as specified by the Capital Market Supervisory Board and/or as assigned by the Board of Directors.

7) To act on duties announce by the Capital Market Supervisory Board.

## Executive assigned to be directly responsible for controlling and monitoring accountancy

Ms. Janchay Wetpanya, Chief Finance Officer, is assigned to be directly responsible for controlling and monitoring accountancy of the Company.

## Term of office of Directors

The Company sets the term of office of the Company's directors in accordance with the Public Act 1992, whereby directors and independent directors hold office for a 3-year term, and directors who retire when the term ends can be re-elected. In this regard, each independent director may serve as an independent director for a period of not more than 9 years.

## Number of meetings attended / Total number of meetings in the year 2020

Full Name	Board of Directors	The Executive Committee	The Audit committee	The Risk Management Committee	The Nomination and Remuneration Committee	Meeting without management's presence	Annual General Meeting of Shareholders
1. Mr. Anocha Wongrungrroj <sup>2</sup>	6/6	-	4/4	-	2/2	1/1	1/1
2. Mr. Bunsom Kitkasetsathaporn	6/6	27/27	-	-	2/2	-	1/1
3. Mr. Matee Witawasiri	6/6	27/27	-	3/3	-	-	1/1
4. Ms. Janchay Wetpanya <sup>1</sup>	6/6	27/27	-	-	-	-	1/1
5. Ms. Aumaporn Sengsui	6/6	27/27	-	3/3	-	-	1/1
6. Mrs. Ratchanee Pattanalertphan	6/6	-	4/4	3/3	-	1/1	1/1
7. Mr. Wutticha Chartisaranuwat <sup>1</sup>	6/6	-	4/4	-	2/2	1/1	1/1
8. Mr. Than Siripokee <sup>3</sup>	2/6	-	-	-	-	1/1	-
9. Mr. Preecha Ua-anantathanakul <sup>3</sup>	2/6	-	-	-	-	1/1	-

Remark: <sup>1</sup> Appointed as Director from the Annual General Meeting of Shareholders of the year 2020 on July 22, 2020

1. The Board of Directors organize meeting in 2020: The Company organizes Board of Directors meetings 6 times annually to acknowledge the performance. A sub-committee meeting consists of the Executive Committee organizes meeting 27 times annually, the Audit Committee organizes meeting 4 times annually, the Risk Management Committee organizes meeting 3 times annually, the Nomination and Remuneration Committee organizes meeting 2 times annually, and the committee meeting without the management attending organizes meeting 1 time annually. There may be additional meetings as necessary, of which the schedule and agenda shall be clearly defined in advance.

2. The non-executive committee organizes meeting to explain issues of interest management without management's presence at least once a year

3. The Board of Directors have the duty to attend the Board of Directors meetings, not less than 80 percent of all the Board of Directors meetings in a year.

4. In the meeting, the directors are able to vote when the minimum number of directors is not less than two-thirds, of which constituting a quorum.

5. Every director has at least 75% of the meeting attendance of the whole year.
6. The Chairman of the Board of Directors, the Executive Chairman and the Corporate Secretary shall jointly set the agenda and give a chance to each director proposes matters for consideration on the agenda of the Board of Directors meeting annually.
7. The Corporate Secretary will compile the supporting documents for the meeting to be sent to the directors at least 7 business days in advance of the meeting. Such documents will be sufficient information for decision making and independent judgment of the directors.
8. At the Board of Directors meeting, the top executives will also attend to provide useful information and to be directly well-informed of the policy and effectively implemented, except for certain agendas that will have only non-executive directors joining in order to secure independent statements in considering various matters of the Board of Directors.
9. At the end of the meeting, the corporate secretary is the person who is responsible in preparing the minutes of the meeting with complete content & essence, to be presented to the Chairman of the Board to certify the accuracy, and to be presented for approval in the next meeting.
10. The minutes of the meeting, which are approved by the meeting, will be kept systematically in the form of the company's confidential documents at the corporate secretary's office, and stored in electronic form along with attachments to the agenda for ease of record & reference.

## Management Team

The company's management team consists of director, who is responsible in management maximum benefit as assigned by the Board of Director. Once the management team structure has been changed significantly, the director must propose the Board of Director for approval. In year 2020, the management team structure does not change significantly.

## List of management team

As of December 31, 2020, the company management team consists of 4 people.

No.	Full Name		Position
1	Mr. Matee	Witawasiri	Executive Vice President, Operations
2	Ms. Janchay	Wetpanya	Chief Financial Officer
3	Ms. Aumaporn	Sengsui	Senior Vice President, Sales
4	Mrs. Jarunya	Kitkasetsathaporn	Senior Vice President, General Administration
5	Mr. Nuttawut	Jantarassittiphol	Senior Vice President, Operations
6	Mrs. Daonapa	Sukduang	Assistant Vice President, Accounting
7	Ms. Supawadee	Thirachat	Assistant Vice President, Finance



## Authority, Duties and Responsibilities of the Chief Executive Officer

- 1) Responsible for managing and operating normal business for the benefit of the Company to follow the vision, business directions, policies, business strategies, goals, operational plans and annual budget plans approved by the Executive Committee and/or the Board of Directors and/or as assigned by the Executive Committee and/or the Board of Directors.
- 2) Approve entering into a contract and/or any transaction related to the normal business operations of the Company (such as trading, investing, or jointly investing with other people for normal business transactions of the Company and for the benefit of operations according to the objectives of the Company) within the limit specified in the Authority Limits and/or as the Executive Committee and/or the Board of Directors determine and/or according to relevant laws and regulations and/or in accordance with the regulations of the Company.
- 3) Approve lending and requesting credit facilities from financial institutions, loans, mortgages or becoming guarantors of the Company and subsidiaries within the limit as specified in the Authority Limits) or as the Executive Committee and/or the Board of Directors determine.
- 4) Determine vision, strategy, business direction, policy, goal, business plan, budget, management structure and authority limit of the Company and subsidiaries to propose to the Board of Directors for approval and take action as approved by the Board of Directors, including inspecting and following up such action to be efficient and effective
- 5) Drive continuous development of the organization and human resource including taking care and maintaining the good image of the organization.
- 6) Appoint various advisors that are necessary for the Company's operations within the power and credit limit as specified in the Authority Limits and/or as specified by the Executive Committee and/or the Board of Directors.
- 7) Establish rules, regulations, guidelines and requirements for the organization structure in the next position from the Chief Executive Officer, including the employment, appointment, transfer, dismissal and termination of employees in positions lower than the Chief Executive Officer.
- 8) Determine the wage, compensation, reward, bonuses and salary increases for executives and employees in the next position from the Chief Executive Officer within the framework and policies set by the Executive Committee and/or the Board of Directors.
- 9) Issue and amend orders, regulations, announcements and notes within the Company for the operations of the Company in accordance with the policy and for the benefit of the Company including maintaining discipline within the organization.
- 10) Perform other duties as assigned by the Executive Committee and/or the Board of Directors including the authority to take any action necessary to perform such duties.
- 11) Authorize one or more persons to take any action on behalf of the Chief Executive Officer.

The delegation of authority and responsibilities of the Chief Executive Officer will not delegate authority to the Chief Executive Officer or a representative from the Chief Executive Officer who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission and/or the Capital Market Supervisory Board announcement) except for approved transactions in accordance with the policy and criteria approved by the Board of Directors.

## The Directors' Remunerations in the year of 2020

### 1. Monetary Remuneration

#### 1.1 Committee Remunerations

At the Extraordinary Shareholders' meeting of the year 2020, held on 22 July 2020, passed a resolution to determine the remuneration of directors for the year 2020 with the following details:

Committee	Meeting Fee
<b>1. The Board of Directors</b>	
Chairman of the Board	25,000. -
Director	20,000. -
<b>2. The Audit Committee</b>	
Chairman of the Audit Committee	25,000. -
Director of the Audit Committee	20,000. -
<b>3. The Nomination and Remuneration Committee</b>	
Chairman of the Nomination and Remuneration Committee	25,000. -
Director of the Nomination and Remuneration Committee	20,000. -
<b>4. The Risk Management Committee</b>	
Chairman of the Risk Management Committee	25,000. -
Director of the Risk Management Committee	20,000. -

Remarks: Directors who involve in business management of the Company and have a regular salary will not receive meeting fee.

Directors who involve in business management of the Company and have a regular salary will not receive meeting fee.

The Company paid the compensation to the Board of Directors, the Audit Committee, the Risk Management Committee and the Remuneration and Nomination Committee for the year ended 31 December 2020 with the details as follows:

Full Name		Year 2019		Year 2020		Total	
		Meeting allowance	Monthly remuneration	Meeting allowance	Monthly remuneration	2019	2020
1. Mr. Bunsom	Kitkasetsathaporn	-	-	-	-	-	-
2. Mr. Matee	Witawasiri	-	-	-	-	-	-
3. Ms. Janchay	Wetpanya	-	-	-	-	-	-
4. Ms. Aumaporn	Sengsui	-	-	-	-	-	-
5. Mrs.Ratchanee	Pattanalertphan	320,000	-	275,000	180,000	320,000	455,000
6. Mr. Wuttichai	Chartisaranuwat	300,000	-	260,000	180,000	300,000	440,000
7. Mr. Anocha	Wongrungraj	300,000	-	280,000	180,000	300,000	460,000
8. Mr. Than	Siripokee <sup>1</sup>	-	-	40,000	75,000	-	115,000
9. Mr. Preecha	Ua-anantathanakul <sup>1</sup>	-	-	40,000	75,000	-	115,000
<b>Total</b>		<b>920,000</b>	<b>-</b>	<b>895,000</b>	<b>690,000</b>	<b>920,000</b>	<b>1,585,000</b>

Remarks: <sup>1</sup>Appointed as Director from the Annual General Meeting of Shareholders of the year 2020 on July 22, 2020

## 1.2 Managements Remuneration

Year	No. of Management	Amount of Compensation (THB mil)
2019	6 <sup>1</sup>	31.56
2020	6 <sup>2,3</sup>	37.37

Remark: <sup>1</sup> Mr. Kan Thasana-ekachit was Executive appointed by the Board of Directors Meeting No. 2/2019 on May 13, 2019

<sup>2</sup> Mr. Kan Thasana-ekachit was resigned from Executive by effective on June 01, 2020

<sup>3</sup> Mr. Nuttawut Jantarassittiphol appointed by the Board of Directors Meeting No. 7/2020 on May 04, 2020

## 2. Non-monetary Compensation

-None-

## Human Resource Management Policy

The company realizes staff is main important and valuable resource in driving company successful, progress, and growth stably and sustainably. The company aims to develop staff in every level to be potential staff in term of academic, moral, ethical, honesty, and corporate social responsibility. The company provides modern appliances, creates good and safety environment for enhance the competence of staff, support the business expansion in the future, and continue growth of staff career path by focusing on company's benefit significantly.

## The Number of Employees

As of 31 December 2020, the Company has the following number of employees.

Department	Number of Employee (Person)
1. Accounting	7
2. Finance	4
3. Sales	20
4. Purchasing	2
5. Administration	3
6. Warehouse	2
7. Human Resource	2
8. Operations	9
9. Technical Support	32
10. Technical Consultant	8
11. Customer Service	18
12. Management	1
<b>Total</b>	<b>108</b>

Remarks: The number of employees in the table includes the executives 6 persons.

As of December 31, 2020, the company has total of 114 employees. It comprises 65 men and 49 women. There are 11 resign employees in year 2020 or 12.43% of average number of employees in year 2020. Human resource recruits replaced staff within time and achieve target.

### 1) Training

The company encourages management and staff attend inside and outside training by providing staff training plan in year 2020. The staff attend training completely 40 courses. The company aims to encourage and develop staff's knowledge, skill, ability which is useful for work in every level equally.

(Number of training course annually)

Training Course	Year 2019	Year 2020	Increase
Staff and Management	35	40	14.28%

The training cost annually

Training Course	Year 2019	Year 2020	Increase
Staff and Management	677,054.49	1,515,598.34	123.85%

## 2) Employee Compensation

Compensation for employees (excluding executives) for the year ended 31 December 2019 and for the year ending 31 December 2020, consisting of salary, welfare, professional fee, bonus, commission, social security and provident fund totaling THB 68.77 million and THB 80.79 million respectively.

## 3) Provident fund

The Company has established a provident fund by joining with "K Master Pool Fund" which is under the management of Kasikorn Asset Management Company Limited from 1 February 2013 with the objective to build morale for employees and motivate employees to work with the Company in the long run. (Refer to annual report of year 2019, page 93)

## 4) Labor Disputes

-None-

## 5) Human Resources Development Policy

The human resources development policy focuses on building up employees' competences to compete with the market to support the expansion of business in the future by planning the organizational structure and human resources appropriately. The human resources development takes place at all levels, preparing to perform well to achieve the business goals.

# Corporate Governance Report: Significant implementation

## Summary of the assessment of the adequacy of the internal control system for the year 2020

### Concept and Objectives

The internal control system adequacy assessment form is a tool for the management and evaluation of internal control to help the Board of Directors (BoD) decide whether the internal control system has been designed properly and sufficiently, where, and how it should be improved.

Having a good internal control system is of great importance to listed companies or companies with general public shareholders. A good system can help prevent and manage risks or damages that may occur to the company. Therefore, it is the Board of Directors' duty to ensure that the Company has an appropriate and adequate internal control system to oversee the operations so as to efficiently meet the goals, objectives, laws, relevant requirements, able to protect assets from corruption and damage, including the preparation of accurate and reliable reports.

### Application

The company should use this assessment form as a guideline for assessing or reviewing the sufficiency of the internal control system at least every year and there may be additional reviews if there are significant events that may affect the Company's operations. Such assessments should also be considered by the Audit Committee and the Board of Directors to exchange opinions, meet the same understanding and able to set practice guidelines suitable for the Company.

**Conclusion:** The company has an appropriate and sufficient internal control system for the supervision of the operations to meet the goals, objectives, laws, relevant requirements efficiently.

### Directors and Executives Enhancement

In order to increase efficiency in the performance of the various committees, the Company encourages the Board of Directors and senior management to attend seminars and take courses that are beneficial to the performance of their duties, as well as meeting & exchanging opinions with the BoD and senior

management of various organizations on a regular basis. These courses include the courses organized by internal training unit, and courses organized by government regulators or independent institutions such as specific courses for directors of the Thai Institute of Directors Association (IOD) at the Office of the SEC requiring listed company's directors to take at least one course consisting of Directors Certification Program (DCP), Directors Accreditation Program (DAP), and Audit Committee Program (ACP), among other courses.

## Assessment of the BoD's performance

The Company conducted the assessment of the performance of each committee in 2020 as follows:

The Board of Directors – all the entire Board; Committees – all the entire committee and individually: The Executive Committee, the Audit Committee, and the Nomination and Remuneration Committee. The assessment is carried out at least once a year to be informed of / to solve the problems and obstacles during the past year and to ensure more efficient and effective performance, as well as to help create and improve the relationship between all the committees' members and the management. It also includes the improvement direction in accordance with the principles of good corporate governance by using the sample form from the self-assessment of the committees of The Stock Exchange of Thailand consisting of various topics such as the committee structure, diversity of directors, recruitment of directors and appointment of sub-committee members, knowledge enhancement of directors, readiness before attending the meeting, suitability of the meeting, duties of the chairperson of the meeting, performance, policy, management, lawfulness, corporate governance, business ethics, internal control system, risk management, duties of sub-committees, duty of the management, etc.

### Assessment of the entire BoD

Assessment Topics	Score %
Structure and qualifications of the BoD	94.87
Roles, duties and Responsibilities of the BoD	93.65
BoD's meetings	95.42
Directors' performance of duties	93.45
Relations with the management	90.97
Self-enhancement of directors and enhancement of executives	93.40

### Results of the assessment of the entire BoD

The results of the assessment of the entire BoD for the year 2020, the average score: **93.62 %**

Assessment of the committees—all the entire committee and individually, consisting of 3 committees, as follows:

1. Executive Committee 2. Audit Committee 3. Nomination and Remuneration Committee

- Assessment of the Committees – all the entire members

Assessment topics	Score %
Structure and qualifications of the committee members	97.02
Sub-committee meetings	94.10
Roles, duties, and responsibilities of the committee	96.83

**The Committee assessment results.**

The results of the performance assessment, conducted by the entire BoD for the year 2020, the average score: **95.98%**

- Assessment of committee members - individually

Assessment topics	Score %
Structure and qualifications of the committee members	96.88
Committee meetings	96.35
Roles, duties, and responsibilities of the committee	99.17

**Results of the assessment of committee members - individually**

The results of the performance assessment, conducted by the entire BoD for the year 2020, the average score: **97.46%**

- Evaluation of the Chief Executive Officer (CEO)

Assessment topics	Score %
Progress of the plan	96.88
Performance evaluation	96.35
CEO enhancement	99.17

**Results of the assessment of the Chief Executive Officer (CEO)**

The results of the performance assessment, conducted by the entire BoD for the year 2020, the average score: **97.46 %**



# Internal Control and Related Transactions

## Project Risk Management

### Project Risk Management

As the Company revenues are mainly coming from project bidding, the Company confers serious attention on risks from project sales. Therefore, the Company has established a Risk Management Policy and Framework as a major part of business management. The Company also set up the Risk Committee to be responsible for evaluating the Company's risks including financial performance, project management, and technical from both internal and external factors in order to mitigate risks to acceptable level and appropriated return.

### Internal Control

The Board of Directors and the executives are directly responsible for maintaining the internal control system including reviewing its efficiency on a regular basis in order to prevent the shareholders' investments and the Company's assets. The internal control system covers the areas of finance, operation, compliance and risk management. The effectiveness of the internal control and risk management systems provide the Company a reasonable assurance that the following objectives and goals will be achieved:

- Reliability and integrity of information and financial reports
- Compliance with regulations, policies, procedures and related laws
- Prevention of the Company's assets including proper control and maintain
- Efficiency, effectiveness business operation and maximize our resources
- Effective achievement of the Company's objectives and strategies

The summarize of the key internal control systems implemented by the Company are as follows:

#### 1. Organization & Control Environment

The Company has facilitated the appropriated organization chart and environmental as a core internal control foundation. The Company has formulated business plans complete with vision, objectives, strategies, and budgets as well as determined evaluation criteria from the operation. It has continued restructured the organization to align it with these business plans. The Company has implemented a good corporate governance system, hires qualified personnel and continuously develops its human resources. It has established key policies and procedures to be used as guidelines in order to control transactions of financial, purchasing and risk management, etc.

## 2. Risk Assessment

All departments are required to evaluate the effectiveness of the business transaction's risks. The Risk Management Committee and the Audit Committee play major roles in overseeing the implementation of the Company's risk management system to an acceptable level.

## 3. Management Control

The Company has separated responsibilities over the various management duties and their segregation in order to ensure that there is a control system of checks and balances through the use of proper written authority and approval levels and limits. Guidelines for connected and related transactions have also been developed to ensure compliance with all relevant laws.

## 4. Information & Communication

The Company has implemented a management information & Communication system to assist in decision making. Critical information and data are collected, analyzed and stored in the Company's database. Two-way communications are both effective and efficient within the Company. At the Board of Directors level, information and supporting documentation are provided to all members in order to make more informed decision making possible.

## 5. Monitoring Activities

The Company's external auditors, Dharmniti Auditing Co., Ltd., who appointed as the audit of the 2020 financial statements of The Practical Solution Public Company Limited in accordance with the generally accepted accounting standards. The Board of Directors has evaluated the Company's internal control system and has the opinion that the overall internal control system is adequate and appropriate, with the company providing sufficient personnel to implement the said system efficiently in accordance with the principles of good corporate governance and transparency. In addition, the Company also provides a monitoring system to protect the Company's assets from misusing and unauthorized action from the directors or executives. The Company also provides monitoring system for transactions with related persons and conflict of interest persons to enable the efficient internal control system

The Company appointed P&L Internal Audit Co., Ltd., as the Company's internal audit. The internal audit department reports directly to the Audit Committee every quarter. Its duties and responsibilities include consulting, monitoring and assessing the effectiveness of the Company' and its subsidiaries' internal control systems, risk management systems and corporate governance to ensure that these are adequate and effective according to the Company's objectives.

The internal audit department has adopted a risk-based approach in formulating the annual audit plan which focuses on key business risks that might impact on the Company's business objectives and the accuracy of financial reports. This plan is reviewed and approved by the Audit Committee on an annual basis and reviewed the audit results and progress reports on a quarterly basis. The internal audit of the Company

proposed an internal audit plan for the year 2020 and has been approved by the Board of Directors at the Board of Directors Meeting No. 1/2020 on February 25, 2020 with the details of the internal audit plan as follows:

Quarter	Internal Audit	Audit Date	Propose to Audit Committee
1	Revenue Control System	April 2020	May 2020
2	Expense Control System	July 2020	August 2020
3	Fixed Asset Management, Inventory Management and warehouse	October 2020	November 2020
4	After Sale Service and Management for Demo	January 2021	February 2021

The Audit Committee reviews and approves this annual audit plan and follow up on results of internal audits quarterly. In addition, the Audit Committee has considered the qualifications of P&L International Audit Co., Ltd. and Miss Wanwimon Jeongsuriyaphas that the company and has the opinion that they have the appropriate educational background, training experience to perform the duties of the Company's internal auditors and have independence and fairness.

In the Board of Directors (BoD)'s meeting in 2020, the BoD assessed the internal control system in accordance with the guidelines of the Securities and Exchange Commission (SEC) and concluded that the Company has effective internal control system that is sufficient and appropriate.

## Measures or Procedures for approving Inter-company Transactions

The Company will comply with the law regarding securities, stock exchange, regulations, announcements, orders or regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand; however, directors, executives or stakeholders will not be able to participate in approving such transactions.

In the event that the law requires approval from the Board of Directors' meeting. The Company will arrange an audit committee to attend the meeting in order to consider and give opinions on the necessity of the transaction and the reasonableness of such transactions. In this regard, entering into a trade agreement with general commercial terms and a general non-commercial trade agreement transaction shall be in accordance with the following principles:

### 1) Trade Agreement Transaction with General Commercial Terms

Inter-company transaction is a commercial agreement with general trade conditions between the Company and the directors, executives or related persons that are approved in principle by the Board of Directors such as buying / selling products, leasing, receiving guarantees by major shareholders and / or directors. Inter-company transaction that will occur is attributed to the necessity of the Company's business operations and for the benefit of the Company, the management can approve such transactions. If the transaction has a commercial agreement in the same manner as a reasonable person would do with a common counterparty in the same situation, with trade bargaining power without influence in his or her status as a director, executive or a related person as well as with normal trading conditions or market prices under reasonable, it can be verifiable and non-transferable conditions.

Thus, The Company will prepare a summary report of the aforementioned transactions to be reported at the Audit Committee Meeting and the Board of Directors' meeting every quarter.

### 2) Trade Agreement Transaction with Non-general Commercial Terms

Inter-company transaction that is non-general trade term must be considered and reviewed by the Audit Committee before presenting to the Board of Directors and / or the shareholders' meeting for further approval. In this regard, will comply with the law on securities, stock exchange, regulations, announcements, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including compliance with the disclosure of information on the inter-company transaction.

In the event that the Audit Committee does not have expertise in considering any inter-company transactions that may occur. The Company will appoint an independent expert or an auditor of the Company to provides opinions on such inter-company transactions for decision-making manner by the Audit Committee and / or the Board of Directors and / or shareholders, as the case may be, to ensure that such transaction is

necessary and reasonable, taking into account the interests of the Company. The Company, therefore, will disclose the inter-company transactions in the annual registration statement and the notes to the audited financial statements by the Company's auditor.

## Policy on Conducting Inter-company Transactions in the Future

The potential future inter-company transactions will be considered only necessary and reasonable transactions that will benefit the Company, which must be passed through the Audit Committee and / or the Board of Directors with audit committees from the meeting to consider and give opinions on the reasons for entering the transaction in regards to price valuation and other conditions of the transaction in which the conditions must be specified in a manner that can be compared with the price incurred with a third party and at a fair and verifiable price, and the Audit Committee is assigned to consider it as per the rules and guidelines for making such transactions. In the event that the Audit Committee does not have expertise in considering possible inter-company transactions, the Company will allow an independent expert or the Company's auditor to give opinions on such connected transactions for decision-making manner by the Board of Directors or the shareholders' meeting according to each particular case. The Board of Directors must ensure that the Company complies with the laws on securities, exchange, regulations, announcements, orders or regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including compliance with the disclosure requirements in inter-company transactions of the Company or subsidiary companies in accordance with the accounting standards stipulated by the Federation of Accounting Professions for approval of such inter-company transactions. Those who may have a conflict of interest or have a stake in the transaction will not have the right to vote on approving such inter-company transaction. In this regard, the Company will disclose the inter-company transactions in the notes to the audited financial statements by the Company's auditors and the annual report and the Company's annual report.

## Future Trend of Inter-company Transactions

The Company expects that there will still be inter-company transactions with directors, major shareholders and persons who may have conflicts with the Company in the future, which are transactions that occur as necessary for the business operation, such as the following transactions.

### 1) General Business Transactions and General Business Support Transactions

Asset sales transaction to employees and management of the company is aligned with the employee and management welfare policy which is the set of conditions for the right to purchase for selling prices and discounts for each asset type of sales. The Company expects that in the future this type of transaction will continue to occur according to the Company's policy of welfare in this manner.

## Inter-Company Transaction

### 1 Relationship

For the year 2019 and the year 2020 ended December 31, the Company has made transactions with persons who may have conflicts, including shareholders, directors, management and / or related companies of the Company.

Individuals / Entities regarding Conflicts	Relationship
1. Mr. Boonsom KitKasetsathaporn	Positioned as the President and Chief Executive Officer and shareholder of The Practical Solution Public Company Limited. Positioned as the Director and shareholder of The Practical Superb Solution Company Limited.
2. Mr. Methee Withawasiri	Positioned as the Senior Executive Vice President of Operations and a shareholder of The Practical Solution Public Company Limited. Positioned as the Director and shareholder of The Practical Superb Solution Company Limited
3. Ms. Umaporn Sengsui	Positioned as the Executive Vice President, Sales Department and a shareholder of The Practical Solution Public Company Limited. Positioned as the Director and shareholder of The Win Telecom Company Limited
4. Ms. Chanchai Vejpanya	Positioned as the Assistant Managing Director Accounting and Finance And a shareholder of The Practical Solution Public Company Limited Positioned as the Director and shareholder of The Win Telecom Company Limited
5. The Practical Superb Solution Company Limited	A subsidiary company of The Practical Solution Public Company Limited holds 49.98% of shares and has Mr. Boonsom Kitkasetsathaporn and Mr. Methee Withawasiri are the joint directors holding shares in proportion of 0.01% equally for two persons.
6. The Win Telecom Company Limited	A subsidiary company of The Practical Solution Public Company Limited holds 56% of shares and has Mr. Boonsom Kitkasetsathaporn and Mr. Methee Withawasiri are the joint directors holding shares in proportion of 1% equally for two persons.

## 2 Value and Outstanding Balance of Transactions with Individuals and / or Legal Entities that may have Conflict

- List of providing / receiving Financial Assistance

Individuals / Entities regarding Conflicts	Inter-company Transaction	Guarantee Limit	Balance Debt	Guarantee Limit	Balance Debt	Necessity and Reasonableness of the Transaction
		31 December 2019	31 December 2019	31 December 2020	31 December 2020	
31 December 2019 Mr. Boonsom Kitkasetathaporn Mr. Methee Withawasiri	Provide guarantee of total credit limit for business flexibility	255 Million Baht	28.35 Million Baht	255 Million Baht	23.41 Million Baht	The Company entered into a credit agreement for use in its operations by Mr. Boonsom. Kitkasetathaporn and Mr. Methee Withawasiri have been the guarantors, which is the performance according to the financial institution's requirements without charge in doing such transactions.  <u>Opinion of the Audit Committee</u> The Audit Committee provides the opinion that such transactions are reasonable and beneficial to the Company, and the management considers it appropriate for the management to negotiate with financial institutions in order to release this portion of the personal guarantee burden after the company has been granted permission to be a company listed on the Stock Exchange of Thailand.
<u>Additional Information</u> As of February 13, 2020, financial institutions have already released the guarantees.						

Individuals / Entities regarding Conflicts	Inter-company Transaction	Guarantee Limit	Balance Debt	Guarantee Limit	Balance Debt	Necessity and Reasonableness of the Transaction
		31 December 2019	31 December 2019	31 December 2020	31 December 2020	
Mr. Boonsom Kitkasetstaporn	Provide guarantees for letters of guarantee	50 Million Baht	3.13 Million Baht	50 Million Baht	7.34 Million Baht	The Company entered into a credit agreement for the Company's operation with a financial institution by using cash amount of 10.00 Million Baht, guaranteeing a letter of guarantee and using cash of 1.00 Million Baht as a guarantee for an overdraft loan by having Mr. Boonsom Kitkasetstaporn and Mr. Methee Withawasiri who are the guarantors, which is the performance according to the financial institution's requirements without charge in making such transactions.
Mr. Methee Withawasiri	1					
	Provide guarantees for overdraft	1 Million Baht	-	1 Million Baht	-	
<u>Opinion of the Audit Committee</u> The Audit Committee provides the opinion that such transactions are reasonable and beneficial to the Company, and the management considers it appropriate for the management to negotiate with financial institutions in order to release this portion of the personal guarantee burden after the company has been granted permission to be a company listed on the Stock Exchange of Thailand.						
<u>Additional information</u> As of April 16, 2020, financial institutions have already released the guarantees.						



Individuals / Entities regarding Conflicts	Inter-company Transaction	Guarantee Limit	Balance Debt	Guarantee Limit	Balance Debt	Necessity and Reasonableness of the Transaction
		31 December 2019	31 December 2019	31 December 2020	31 December 2020	
Mr. Boonsom Kitkasetsathaporn Mr. Methee Withawasiri	Provide guarantees of credit lines for the construction of office buildings	55 Million Baht	31.90 Million Baht	55 Million Baht	0.00 Million Baht	The Company entered into a credit agreement for the construction of a new office building with a financial institution. The Company pledged 9.54 Million Baht of land with buildings of the Company and cash of the Company by Mr. Boonsom Kitkasetsathaporn and Mr. Methee Withawasiri are the guarantors, which is the performance according to the financial institution's requirements without charge in making such transactions.  <b>Opinion of the Audit Committee</b> The Audit Committee provides the opinion that such transactions are reasonable and beneficial to the Company, and the management considers it appropriate for the management to negotiate with financial institutions in order to release this portion of the personal guarantee burden after the company has been granted permission to be a company listed on the Stock Exchange of Thailand.

Individuals / Entities regarding Conflicts	Inter-company Transaction	Guarantee Limit 31 December 2019	Balance Debt 31 December 2019	Guarantee Limit 31 December 2020	Balance Debt 31 December 2020	Necessity and Reasonableness of the Transaction
						<u>Additional information</u> As of February 13, 2020, financial institutions have already released the guaranties.
Mr. Boonsom Kitkasetsathaporn	Provide guarantees for the Company's car leasing contracts with financial institutions	12.59 Million Baht	6.66 Million Baht	13.84 Million Baht	6.62 Million Baht	In the year 2019, the Company entered into a contract for hire purchase of 12 cars for use in the Company's operations by Mr. Boonsom Kitkasetsathaporn has been the person to guarantee the car hire purchase contract, which is the operation according to the financial institution's requirements without charge for the such transaction.  Later in the year 2020, the Company entered into additional hire purchase agreements for 4 cars and 2 cars hire purchase contracts, resulting in as of 31 December 2020, the Company entered into lease agreements for a total of 14 cars.
						<u>Opinion of the Audit Committee</u> The Audit Committee is of the opinion that such transactions are reasonable and beneficial to the Company for the purchase of cars for use in the Company's business.

● Normal Business Transactions

Individuals / Entities regarding Conflicts	Inter-company Transaction	Transaction Amount	Balance Debt	Necessity and Reasonableness of the Transaction
		2020	As of 31 Dec, 2563	
The Practical Superb Solution Company Limited	Reserve expenses for setting up the company	Total expense 7,050.00 baht	0.00 Baht	<p>Because the Practical Superb Solution Co., Ltd. Is a newly established company. Therefore, the Company reserved the expenses and fees for setting up the company, whereby the two entities are recorded as other receivables and other payables - related parties and will continue to repay.</p> <p><b>Remark</b></p> <p>The Practical Superb Solution Company Limited repaid it successfully on November 12, 2020.</p> <p><u><b>Opinion of the Audit Committee</b></u></p> <p>The Audit Committee is of the opinion that such transactions are reasonable.</p>
The Win Telecom Company Limited	Reserve expenses for setting up the company	Total expenses 11,630.00 baht	0.00 Baht	<p>Because the The Win Telecom Co., Ltd. Is a newly established company. Therefore, the Company reserved the expenses and fees for setting up the company, whereby the two entities are recorded as other receivables and other payables - related parties and will continue to repay.</p> <p><b>Remarks</b></p> <p>The Win Telecom Company Limited repaid it successfully on 25 December 2020.</p> <p><u><b>Opinion of the Audit Committee</b></u></p> <p>The Audit Committee is of the opinion that such transactions are reasonable.</p>

● Asset Transaction

Individuals / Entities regarding Conflicts	Inter-company Transaction	Transaction Amount		Necessity and Reasonableness of the Transaction
		2019	2020	
1. Mr. Boonsom Kitkasetathaporn	Company assets sale list (Computer) on August 23, 2019	4,906.54 Baht	0.00 Baht	<p>The Company considers selling expired assets to employees by following the asset management policy and welfare policy of employee and management.</p> <p><u>Opinion of the Audit Committee</u></p> <p>The Audit Committee considers that such transactions are reasonable and benefit the Company since the assets expired and the Company has complied with the asset management policy and welfare policy of employee and management.</p>
2. Mr. Methee Withawasiri	Company assets sale list (Computer) on August 23, 2019	4,906.54 Baht	0.00 Baht	<p>The Company considers selling expired assets to employees by following the asset management policy and welfare policy of employee and management.</p> <p><u>Opinion of the Audit Committee</u></p> <p>The Audit Committee considers that such transactions are reasonable and benefit the Company since the assets expired and the Company has complied with the asset management policy and welfare policy of employee and management.</p>
3. นางสาวอุมาพร เส็งสุย	Company assets sale list (Computer) on August 23, 2019	4,158.87 Baht	0.00 Baht	<p>The Company considers selling expired assets to employees by following the asset management policy and welfare policy of employee and management.</p> <p><u>Opinion of the Audit Committee</u></p> <p>The Audit Committee considers that such transactions are reasonable and benefit the Company since the assets expired and the Company has complied with the asset management policy and welfare policy of employee and management.</p>

Individuals / Entities regarding Conflicts	Inter-company Transaction	Transaction Amount		Necessity and Reasonableness of the Transaction
		2019	2020	
4. นายเมธี วิฑวาศิธิ	Company assets sale list (Vehicle) on June 11, 2020	0.00 Baht	402,500.0 0 Baht	<p>The Company considers selling expired assets to employees by following the asset management policy and welfare policy of employee and management.</p> <p><u>Opinion of the Audit Committee</u></p> <p>The Audit Committee considers that such transactions are reasonable and benefit the Company since the assets expired and the Company has complied with the asset management policy and welfare policy of employee and management.</p>

## The Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the financial statements of The Practical Solution Public Company Limited including other related financial information which publish in the Annual Report. The financial statements are prepared in accordance with the generally accepted accounting principles that are appropriate in the circumstances and reasonableness of accounting estimates with careful consideration including transparent disclosures of important information in the notes to the financial statements which beneficial to shareholders and investors.

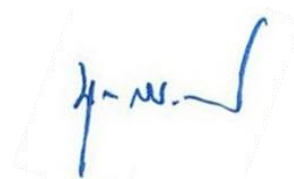
The Board of Directors established the appropriated risk management and internal control systems as well as evaluation to be efficient and up to standard and ensure that the Company's financial statements contain adequate and appropriated information in order to prevent any fraudulent activities or detect significantly abnormal operating. The Board of Directors appointed the Audit Committee to responsible for review of the accounting policy and quality of the Company's financial statements, internal control system, internal audit system, risk management system as well as consider any related transactions. The Audit Committee's opinion shall be provided in the Report of the Audit Committee which represented in this Annual Report.

The accompanying the consolidate financial statements and the separate financial statements of The Practical Solution Public Company Limited which comprise the statement of financial position as at 31 December 2020, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements were audited by an independent external auditor, Dharmniti Auditing Co., Ltd. The Board also responsible to prepare and disclose information to support the auditor to review and gave opinion in accordance with Thai Standards on Auditing. The auditor's opinion shall be provided in the Report of the independent external auditor which represented in this Annual Report.

In conclusion, the Board of Directors gave opinions that the internal control systems of the Company are appropriate and ensure that the Company's financial statements position as at 31 December 2020 of The Practical Solution Public Company Limited are accurate in accordance with the generally accepted accounting standards and the related regulations.



Mr. Anocha Wongrungrroj  
Chairman of the Board



Mr. Bunsom Kitkasetsathaporn  
CEO

## Independent Auditor's Report

To The Shareholders and Board of Directors of  
The Practical Solution Public Company Limited

### Opinion

I have audited the consolidated financial statements of The Practical Solution Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of The Practical Solution Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of The Practical Solution Public Company Limited and its subsidiaries as at December 31, 2020, its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of The Practical Solution Public Company Limited as at December 31, 2020, its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matter**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated financial statements and separate financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

- **The revenue from sales and services recognition**

The Company has revenue from sales with computer network installation, full service communication system, wireless communication system, network security system, data center solution and network system management including revenue from rendering maintenance service related to such system for the year ended December 31, 2020 in the amount of Baht 733.39 million. The Company has entered into numerous agreements and may have agreement that the Company is obligated to render additional service to the customer as included in the selling agreement with installation at the same time such as product warranty apart from regular warranty, preventive maintenance service, etc which cause the risk of valuation and period of revenue recognition. Therefore, I have stated that the revenue recognition from sales and service is a significant risk that requires special attention in the audit. The Company has disclosed the accounting policy and amount related to revenue recognition from sales and service in Notes 3.1 and 27, respectively.

Regarding my audit approach on such matter, I have understood the internal control system of revenue and related accounting transactions, tested the design and efficiency of the internal control related to the recognition of revenue and related accounting transactions especially the control of valuation and period of revenue recognition from sales and service. Furthermore, I sampled revenue transactions to test the details with the agreement or related documents to check the accuracy of the revenue recognition in accordance with the agreement and consistency with the accounting policy including cut-off revenue from sales and service before and after the end of the accounting period as well as performed analytical review. In addition, I have considered the appropriateness and adequacy of the information disclosure in the financial statements and notes to the financial statements.

**Emphasis of matter**

I draw attention to Note 2.3 to the financial statements. Due to the impact of the COVID - 19 outbreak, in preparing the financial statements for years ended December 31, 2020, the Company and its subsidiaries have adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives Dealing with The Impact of COVID - 19 Pandemic issued by the Federation of Accounting Professions. My opinion is not modified in respect to these matters.



#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my 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 my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct the misstatement.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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 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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I 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 my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Peradate Pongsathiansak.



(Mr. Peradate Pongsathiansak)

Certified Public Accountant

Registration No. 4752

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 25, 2021

# Past 3

## Financial Status and Performance Results

### Financial Statement

Financial position and operation results during the past 3 years, the auditor for 2018-2020, the list of auditors for financial statements are as follows:

Financial Statement	Auditor
Audited financial statement of the Company for the fiscal year ending December 31, 2018	Mr. Thanawut Piboonsawat CPA (Thailand) registration no. 6699 Dharmniti Auditing Co., Ltd.
Audited financial statement of the Company for the fiscal year ending December 31, 2019	Mr. Thanawut Piboonsawat CPA (Thailand) registration no. 6699 Dharmniti Auditing Co., Ltd.
Audited financial statement of the Company for the fiscal year ending December 31, 2020	Mr. Peradate Pongsathiansak CPA (Thailand) registration no. 4752 Dharmniti Auditing Co., Ltd.

### Independent Auditor's Report

Independent auditor's reports reported the audited or reviewed the financial statements for the year 2018 - 2020 of the company can be summarized as follows:

- **Independent Auditor's Report of Financial Statement 2018**

In my opinion, the financial statements which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income and cash flows for the year then ended, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards. In this regard, the auditor has provided information and events focusing on 2 matters as follows:

1) In the presentation of financial information for the year ended 31 December 2018, the Company changed the basis of financial statements preparation from Non-Publicly Accountable Entities (NPAEs) used in 2017 to Publicly Accountable Entities (PAEs). As a result, the Company had to present the financial statements for the year ended December 31, 2018 according to the requirements of financial reporting standards for PAEs. Furthermore, The Company used the above basis to prepare the financial statements for the year ended 31 December 2017 as comparative information by retroactively adjusting the financial

statements for the year ended December 31, 2017 and presenting the statement of financial position as of January 1, 2017 as comparative information to reflect the change in the basis of the financial statements preparation

2) The financial statements for the year ended 31 December 2018, as disclosed by the auditor's report dated 25 February 2019, were revised and presented with this new financial statement. Due to the amendment of the financial statements as discussed in the note 2.6 to the financial statements, the new financial statements for the year ended 31 December 2018 were approved by the Board of Directors of the Company on 13 September 2019. However, the auditor's opinion on the financial statements does not have any conditions regarding the matters that the auditor has noted above.

- **Independent Auditor's Report of Financial Statement 2019**

In my opinion, the financial statements which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income and cash flows for the year then ended, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

- **Independent Auditor's Report of Financial Statement 2020**

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of The Practical Solution Public Company Limited and its subsidiaries as at December 31, 2020, its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of The Practical Solution Public Company Limited as at December 31, 2020, its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020

ASSETS

		Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2020	2019	2020	2019
Current assets					
Cash and cash equivalents	6	122,151,669.84	197,575,211.34	116,188,969.41	197,575,211.34
Trade and other receivable	7	160,608,537.96	149,432,405.53	160,608,537.96	149,432,405.53
Current portion of finance lease receivables	8	18,420,275.03	9,579,165.92	18,420,275.03	9,579,165.92
Inventories	9	45,366,717.05	47,292,148.84	45,366,717.05	47,292,148.84
Other current assets		1,866,107.85	4,033,393.62	1,866,107.85	4,033,393.62
Total current assets		348,413,307.73	407,912,325.25	342,450,607.30	407,912,325.25
Non-current assets					
Restricted bank deposit	10	21,376,756.48	21,148,058.09	21,376,756.48	21,148,058.09
Investments in subsidiaries	11	-	-	3,299,800.00	-
Finance lease receivables	8	46,215,454.07	25,052,927.81	46,215,454.07	25,052,927.81
Property, plant and equipment	12	146,232,204.74	145,126,213.80	146,232,204.74	145,126,213.80
Right-of-use assets	13	16,842,323.05	-	16,842,323.05	-
Intangible assets	14	238,258.82	283,326.75	238,258.82	283,326.75
Deferred tax assets	15	1,487,440.85	3,092,665.27	1,487,440.85	3,092,665.27
Other non-current assets		34,817,994.71	28,995,251.20	34,817,994.71	28,995,251.20
Total non-current assets		267,210,432.72	223,698,442.92	270,510,232.72	223,698,442.92
TOTAL ASSETS		615,623,740.45	631,610,768.17	612,960,840.02	631,610,768.17

Notes to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht			
	Notes	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Current liabilities</b>					
Trade and other payables	17	148,857,839.96	152,443,213.37	148,857,839.96	152,443,213.37
Current portion of long-term loan					
from financial institution	19	-	5,425,135.74	-	5,425,135.74
Current portion of liability under					
lease agreements	20	3,640,118.43	3,147,934.51	3,640,118.43	3,147,934.51
Income tax payable		4,019,145.84	374,688.27	4,019,145.84	374,688.27
Other current liabilities	18	7,966,884.40	4,098,766.08	7,911,434.40	4,098,766.08
<b>Total current liabilities</b>		<b>164,483,988.63</b>	<b>165,489,737.97</b>	<b>164,428,538.63</b>	<b>165,489,737.97</b>
<b>Non-current liabilities</b>					
Long-term loan from financial institution	19	-	26,102,945.19	-	26,102,945.19
Liability under lease agreements	20	5,879,160.47	4,698,649.32	5,879,160.47	4,698,649.32
Employee benefit obligations	21	20,532,209.03	18,330,893.03	20,532,209.03	18,330,893.03
Other non-current liabilities		45,033,252.04	37,151,535.49	45,033,252.04	37,151,535.49
<b>Total non-current liabilities</b>		<b>71,444,621.54</b>	<b>86,284,023.03</b>	<b>71,444,621.54</b>	<b>86,284,023.03</b>
<b>TOTAL LIABILITIES</b>		<b>235,928,610.17</b>	<b>251,773,761.00</b>	<b>235,873,160.17</b>	<b>251,773,761.00</b>
<b>Shareholders' equity</b>					
Share capital	24				
Authorised share capital					
280,000,000 ordinary shares of Baht 0.50 each		140,000,000.00	140,000,000.00	140,000,000.00	140,000,000.00
Issued and paid-up share capital					
280,000,000 ordinary shares of Baht 0.50 each		140,000,000.00	140,000,000.00	140,000,000.00	140,000,000.00
Premium on share capital		153,294,618.30	153,294,618.30	153,294,618.30	153,294,618.30
Surplus on share-based payment transactions		6,754,000.00	6,754,000.00	6,754,000.00	6,754,000.00
Retained earnings					
Appropriated					
Legal reserve	25	14,000,000.00	12,446,049.54	14,000,000.00	12,446,049.54
Unappropriated		62,990,782.46	67,342,339.33	63,039,061.55	67,342,339.33
Total attributable to company's					
shareholders		377,039,400.76	379,837,007.17	377,087,679.85	379,837,007.17
Non-controlling interests		2,655,729.52	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>379,695,130.28</b>	<b>379,837,007.17</b>	<b>377,087,679.85</b>	<b>379,837,007.17</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>615,623,740.45</b>	<b>631,610,768.17</b>	<b>612,960,840.02</b>	<b>631,610,768.17</b>

Notes to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2020

		Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2020	2019	2020	2019
<b>Revenues</b>					
Revenues from sales and services		733,394,240.11	639,537,556.62	733,394,240.11	639,537,556.62
Interest income		3,000,844.24	1,993,471.54	3,000,761.38	1,993,471.54
Other income		1,553,186.06	733,054.54	1,553,186.06	733,054.54
<b>Total revenues</b>		<b>737,948,270.41</b>	<b>642,264,082.70</b>	<b>737,948,187.55</b>	<b>642,264,082.70</b>
<b>Expenses</b>					
Cost of sales and services		517,444,532.76	441,347,940.55	517,444,532.76	441,347,940.55
Selling expenses		35,267,160.27	34,260,440.04	35,267,160.27	34,260,440.04
Administrative expenses		115,482,446.41	104,098,171.40	115,389,613.98	104,098,171.40
Other expense		-	442,649.50	-	442,649.50
<b>Total expense</b>		<b>668,194,139.44</b>	<b>580,149,201.49</b>	<b>668,101,307.01</b>	<b>580,149,201.49</b>
Profit from operating activities		69,754,130.97	62,114,881.21	69,846,880.54	62,114,881.21
Finance cost		1,009,132.34	481,679.09	1,009,132.34	481,679.09
Profit before income tax expense		68,744,998.63	61,633,202.12	68,837,748.20	61,633,202.12
Income tax expense	30	14,872,025.16	12,712,211.36	14,872,025.16	12,712,211.36
Profit for the year		53,872,973.47	48,920,990.76	53,965,723.04	48,920,990.76
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss on defined employee benefit plans, net of tax	21	-	(1,928,226.40)	-	(1,928,226.40)
Other comprehensive income (expense) for the period, net of tax		-	(1,928,226.40)	-	(1,928,226.40)
Total comprehensive income for the year		53,872,973.47	46,992,764.36	53,965,723.04	46,992,764.36
Profit (loss) attributable to:					
Shareholders of the parent company		53,917,443.95	48,920,990.76	53,965,723.04	48,920,990.76
Non-controlling interests		(44,470.48)	-	-	-
		53,872,973.47	48,920,990.76	53,965,723.04	48,920,990.76
Total other comprehensive income (loss) attributable to:					
Shareholders of the parent company		53,917,443.95	46,992,764.36	53,965,723.04	46,992,764.36
Non-controlling interests		(44,470.48)	-	-	-
		53,872,973.47	46,992,764.36	53,965,723.04	46,992,764.36
Earnings per share for profit attributable to the parent company	31				
Basic earnings per share		0.19	0.23	0.19	0.23

Notes to the financial statements form an integral part of these statements



THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

		Baht						
		Consolidated financial statements						
		Attributable to shareholders of the parent company				Non-controlling interests		
		Surplus on		Retained earnings		Total		Total
		Premium on share capital	Share-based Payment transactions	Appropriated Legal reserve	Unappropriated		Non-controlling interests	
Notes	Share capital Issued and Paid-up							
	140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	67,342,339.33	379,837,007.17	-	379,837,007.17
4	-	-	-	-	(715,050.36)	(715,050.36)	-	(715,050.36)
Balance as at January 1, 2020 - as previously reported	140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	66,627,288.97	379,121,956.81	-	379,121,956.81
Adjustment								
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards								
Balance as at January 1, 2020 (Restated)	140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	66,627,288.97	379,121,956.81	-	379,121,956.81
Changes in shareholder's equity								
Non-controlling interests in subsidiaries increasing from business acquisitions	-	-	-	-	-	-	2,700,200.00	2,700,200.00
Legal reserve	-	-	-	1,553,950.46	(1,553,950.46)	-	-	-
Dividend	-	-	-	-	(56,000,000.00)	(56,000,000.00)	-	(56,000,000.00)
Comprehensive profit for the year	-	-	-	-	53,917,443.95	53,917,443.95	(44,470.48)	53,872,973.47
Balance as at December 31, 2020	140,000,000.00	153,294,618.30	6,754,000.00	14,000,000.00	62,990,782.46	377,039,400.76	2,655,729.52	379,695,130.28
Balance as at January 1, 2019	100,000,000.00	-	6,754,000.00	10,000,000.00	67,795,624.51	184,549,624.51	-	184,549,624.51
Share capital increase	40,000,000.00	160,000,000.00	-	-	-	200,000,000.00	-	200,000,000.00
Attributable expenses of the initial public offering, net of tax	-	(6,705,381.70)	-	-	-	(6,705,381.70)	-	(6,705,381.70)
Legal reserve	-	-	-	2,446,049.54	(2,446,049.54)	-	-	-
Dividend	-	-	-	-	(45,000,000.00)	(45,000,000.00)	-	(45,000,000.00)
Profit for the year	-	-	-	-	48,920,990.76	48,920,990.76	-	48,920,990.76
Other comprehensive income (expense) for the year								
Actuarial loss on defined employee benefit plans	-	-	-	-	(1,928,226.40)	(1,928,226.40)	-	(1,928,226.40)
Balance as at December 31, 2019	140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	67,342,339.33	379,837,007.17	-	379,837,007.17

## THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

Baht

	Notes	Separate financial statements					Total
		Share capital Issued and Paid-up	Premium on share capital	Surplus on Share-based Payment transactions	Retained earnings	Unappropriated	
					Appropriated Legal reserve		
Balance as at January 1, 2020 - as previously reported		140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	67,342,339.33	379,837,007.17
Adjustment		-	-	-	-	(715,050.36)	(715,050.36)
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards	4						
Balance as at January 1, 2020 (Restated)		140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	66,627,288.97	379,121,956.81
Legal reserve	25	-	-	-	1,553,950.46	(1,553,950.46)	-
Dividend	26	-	-	-	-	(56,000,000.00)	(56,000,000.00)
Comprehensive profit for the year		-	-	-	-	53,965,723.04	53,965,723.04
Balance as at December 31, 2020		140,000,000.00	153,294,618.30	6,754,000.00	14,000,000.00	63,039,061.55	377,087,679.85
Balance as at January 1, 2019		100,000,000.00	-	6,754,000.00	10,000,000.00	67,795,624.51	184,549,624.51
Share capital increase	24	40,000,000.00	160,000,000.00	-	-	-	200,000,000.00
Attributable expenses of the initial public offering , net of tax		-	(6,705,381.70)	-	-	-	(6,705,381.70)
Legal reserve	25	-	-	-	2,446,049.54	(2,446,049.54)	-
Dividend	26	-	-	-	-	(45,000,000.00)	(45,000,000.00)
Profit for the year		-	-	-	-	48,920,990.76	48,920,990.76
Other comprehensive income (expense) for the year							
Actuarial loss on defined employee benefit plans							
Balance as at December 31, 2019	21	-	-	-	-	(1,928,226.40)	(1,928,226.40)
		140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	67,342,339.33	379,837,007.17

Notes to the financial statements form an integral part of these statements

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Profit for the year	53,872,973.47	48,920,990.76	53,965,723.04	48,920,990.76
Reconciliations of profit for the period to net cash provided by				
(used in) operating activities				
Depreciation	10,112,243.73	5,419,402.86	10,112,243.73	5,419,402.86
Amortization of intangible assets	45,067.93	49,569.93	45,067.93	49,569.93
Allowance for doubtful debt	7,066,488.30	-	7,066,488.30	-
Provision of allowance for decline in value of inventories (reversal)	(14,291.00)	(142,083.24)	(14,291.00)	(142,083.24)
(Gain) loss on disposal of building improvement and equipment	(363,160.44)	177,760.06	(363,160.44)	177,760.06
(Gain) loss on disposal of right-of-use assets	138,943.46	-	138,943.46	-
Employee benefits expenses	2,402,816.00	5,318,823.00	2,402,816.00	5,318,823.00
Interest income	(3,000,844.24)	(1,993,471.54)	(3,000,761.38)	(1,993,471.54)
Finance costs	1,009,132.34	481,679.09	1,009,132.34	481,679.09
Income tax expense	14,872,025.16	12,712,211.36	14,872,025.16	12,712,211.36
Profit from operation before changes in operating assets and liabilities	86,141,394.71	70,944,882.28	86,234,227.14	70,944,882.28
(Increase) decrease in operating assets				
Trade and other accounts receivable	(12,220,973.57)	20,689,901.05	(12,220,973.57)	20,689,901.05
Finance lease receivables	(36,919,095.48)	(23,666,286.60)	(36,919,095.48)	(23,666,286.60)
Unbilled receivable	-	12,741,000.00	-	12,741,000.00
Inventories	1,939,722.79	9,614,063.23	1,939,722.79	9,614,063.23
Other current assets	2,167,285.77	(1,846,042.72)	2,167,285.77	(1,846,042.72)
Other non-current assets	(5,822,743.51)	(6,997,414.44)	(5,822,743.51)	(6,997,414.44)
Increase (decrease) in operating liabilities				
Trade and other payables	(3,585,373.41)	3,625,992.42	(3,585,373.41)	3,625,992.42
Other current liabilities	3,868,118.32	(1,899,580.95)	3,812,668.32	(1,899,580.95)
Employee benefits obligations	(201,500.00)	(315,200.00)	(201,500.00)	(315,200.00)
Other non-current liabilities	7,881,716.55	15,792,356.20	7,881,716.55	15,792,356.20
Cash generated (paid) from operation	43,248,552.17	98,683,670.47	43,285,934.60	98,683,670.47
Interest received	3,000,844.24	1,993,471.54	3,000,761.38	1,993,471.54
Income tax paid	(9,443,580.58)	(14,165,098.78)	(9,443,580.58)	(14,165,098.78)
Net cash provided by (used in) operating activities	36,805,815.83	86,512,043.23	36,843,115.40	86,512,043.23

Notes to the financial statements form an integral part of these statements

## THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2020

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>				
(Increase) decrease in restricted bank deposit	(228,698.39)	(225,579.03)	(228,698.39)	(225,579.03)
Cash payments for investment in subsidiaries	-	-	(3,299,800.00)	-
Cash payments to acquire property, plant and equipment	(22,369,373.94)	(75,365,769.10)	(22,369,373.94)	(75,365,769.10)
Cash received from sale of equipment	1,017,497.20	774,714.94	1,017,497.20	774,714.94
Net cash provided by (used in) investing activities	(21,580,575.13)	(74,816,633.19)	(24,880,375.13)	(74,816,633.19)
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>				
Cash payment from long-term loan from financial institution	(31,900,000.00)	-	(31,900,000.00)	-
Cash payments for liabilities under lease agreements	(4,811,768.93)	(3,627,228.69)	(4,811,768.93)	(3,627,228.69)
Cash receipts from long-term loan from financial institution	-	31,487,500.00	-	31,487,500.00
Cash receipts from capital increase	-	200,000,000.00	-	200,000,000.00
Cash payment for directly attributable expenses of the initial public offering	-	(6,705,381.70)	-	(6,705,381.70)
Cash received from company establishment from non-controlling interests	2,700,200.00	-	-	-
Dividend paid	(56,000,000.00)	(45,000,000.00)	(56,000,000.00)	(45,000,000.00)
Interest paid	(637,213.27)	(441,098.16)	(637,213.27)	(441,098.16)
Net cash provided by (used in) financing activities	(90,648,782.20)	175,713,791.45	(93,348,982.20)	175,713,791.45
Increase (decrease) in cash and cash equivalent, net	(75,423,541.50)	187,409,201.49	(81,386,241.93)	187,409,201.49
Cash and cash equivalent, at the beginning of the period	197,575,211.34	10,166,009.85	197,575,211.34	10,166,009.85
Cash and cash equivalent, at the end of the period	122,151,669.84	197,575,211.34	116,188,969.41	197,575,211.34
<b>Supplemental disclosure for cash flows information :</b>				
Purchase of asset under financial lease agreements	6,484,464.00	4,536,750.00	6,484,464.00	4,536,750.00

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**1. GENERAL INFORMATION**

**(a) Legal status and address**

The Company was registered to be a limited Company on May 20, 2004. According to the Meeting of Shareholders No. 1/2019 held on June 28, 2019, the shareholders approved to register the Company's status to be a change into public company limited. The Company had registered to be a public company limited with Department of Business Development on July 9, 2019 and registered with the Market for Alternative Investment (MAI) on November 15, 2019.

The registered address of the Company, 99 Cement Thai Alley, Lat Yao, Chatuchak, Bangkok, Thailand.

For reporting purposes, the Company and its subsidiaries are referred to as the Group.

**(b) Nature of the Company's business**

The main business of the Group is engaged in the distribution and installation of computer network systems, fully integrated communication system, wireless communication system, network security system, data centre solution and management system and network system management including to provide maintenance services related to such systems.

**2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS**

**2.1 Basis for preparation of the financial statements**

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re: the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

## 2.2 Basis of preparation of the consolidated financial statements

- (a) The consolidated financial statements include the financial statements of The Practical Solution Public Company Limited and subsidiaries as follows :

<u>Companies</u>	<u>Type of Business</u>	<u>Head office</u>	<u>Percentage of holding % of share capital</u>	
			<u>2020</u>	<u>2019</u>
<u>Subsidiaries directly held by the Company</u>				
- The Practical Superb Solution Co., Ltd.	Distribution and installation of computer network systems	Bangkok	49.98	-
- The Practical Superb Solution Co., Ltd.	Distribution and installation of computer network systems	Bangkok	56.00	-

The percentage of total assets and total revenues of the subsidiaries included in the consolidated financial statements are as follows:

	<u>Percentage of total assets included in consolidated statements of financial position</u>		<u>Percentage of total revenues included in consolidated statements of comprehensive income for the year</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Subsidiaries directly held by the Company</u>				
The Practical Superb Solution Co., Ltd.	-	-	-	-
The Win Telecom Co., Ltd.	-	-	-	-

- (b) These consolidated financial statements are prepared by including the financial statements of its subsidiaries under control by The Practical Solution Public Company Limited after eliminating inter-company transactions between The Practical Solution Public Company Limited and its subsidiaries. Investment in the subsidiaries and the shareholders' equity of the subsidiaries has been eliminated from the consolidated financial statements.
- (c) Accounting policy for subsidiary company will utilize the same policy as the parent company.
- (d) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately from the portion of owners of the parent.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

2.3 Financial reporting standards that became effective in the current year

During the year, the Group have adopted the revised and new financial reporting standards, interpretations and the accounting guidance, which are 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 clarifying accounting treatment and providing accounting guidance for users of the standards. Except, the new standard involves changes to key principles, as summarized below.

*Financial reporting standards related to financial instruments:*

A set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective is cancelled.

**TFRS 16 Leases**

TFRS 16 Leases supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group has adopted TFRSs related to financial instruments and TFRS 16 the first-time in its financial statements by applying modified retrospective approach of adoption of which the cumulative effect as an adjustment to the retained earnings as at January 1, 2020 and the comparative information was not restated. The cumulative effect of the change is described in Note 4 to the financial statements.

**Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On April 22, 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between January 1, 2020 and December 31, 2020.

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where use a simplified approach to determine expected credit losses.
- Not to include information relating to the uncertain COVID-19 situation, which may affect the estimation of future taxable profits as data to estimate the adequacy of future taxable profits in order to take advantage of deferred tax assets.

**2.4 Financial reporting standards that become effective in the future**

During the year, the Federation of Accounting Professions issued a notification of the Federation of Accounting Professions and published in the Government Gazette for the conceptual framework of financial reporting (new) and revised several financial reporting standards from the year 2019 to be



THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

applied on the financial statements for the accounting period beginning on or after January 1, 2021 onwards. Such adjustments are to improve/revise the principles as follows:

***Adjustment is reference to the conceptual framework in the financial reporting standards***

Several financial reporting standards are reference to "IASC's Framework for the Preparation and Presentation of Financial Statements." The adjustment of reference project on the conceptual framework in the financial reporting standards has updated reference or partial reference adjustment and other to describe clearly whether each document is reference to "the conceptual framework" of which year.

***Conceptual Framework for Financial Reporting***

The conceptual framework for financial reporting consisted of revised definitions of assets and liabilities. Criteria for recognition assets and liabilities in the financial statements. It also includes the following new principles and guidance:

1. Measurement, including factors that must be considered in selecting the valuation criteria
2. Presentation and disclosure which includes when the income and expenses are classified into other comprehensive income.
3. Reporting entities
4. When the assets and liabilities derecognition from the financial statements

In addition, this Conceptual Framework for Financial Reporting clearly clarifies management's stewardship of the entity's economic resources, prudence, and measurement uncertainty of financial information.

**Definition of Business**

Business definition revised in the financial reporting standard No. 3 "Business Combination" describes more clearly on definition of business. The objective is for the business to establish that such transaction has to be recorded as "business combination" or "purchase of assets" or not. Adjustments are as follows:

1. Describe clearly on the consideration of "business", activity group and acquired assets must include input data factor, key process that at least combined will significantly generate outputs.
2. Eliminate the assessment that the market partner can substitute input factor or missing process and generate further outputs from the standards.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

3. Add practice guide and example to support understanding and help the company assess whether the key process is acquired.
4. Narrow down the definition of business and definition of outputs by placing interest in the product and service provided to the customer and eliminate the reference on ability to reduce cost from the standards.
5. Add the intention test as an alternative which allows to make assessment easily whether the activity group and acquired assets are business or not.

***Definition of significance***

The definition of significance resulted in revising the accounting standard No.1 “Presentation of Financial Statements, Presentation of Financial Statements and Accounting Standards No.8 – Accounting Policy, Change of Accounting Estimates and Error and the revision that resulted in other financial reporting standards.

The adjustment creates better understanding of the definition of significance by

1. For the definition to follow the same direction of the financial reporting standards and conceptual framework to avoid the confusion that may arise from the definition difference.
2. Include the requirements together of the accounting standard No.1 “Presentation of financial statements” in the definition for it to become clearer and describe how the materiality can be clearly applied.
3. Applying existing practice guidance of the definition of the materiality in the same place as the definition.

***Reform of swap interest rate***

The reform of swap interest rate resulted in the adjustment of the financial reporting standards No. 9 financial instruments and financial reporting standards No.7 financial instrument disclosure. Such adjustment has changed the hedge accounting requirements, especially to reduce the impact arising from the uncertainty as a result of the swap interest rate reform such as interbank offer rates-IBORs. In addition, the adjustment requires the business to provide additional information to investors regarding the relation of hedging directly impacted from any uncertainties.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

The management of the Company is in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

**2.5 Thai Financial Reporting Standard No.16 “Leases”**

The Federation of Accounting Professions has revised TFRS 16 lease agreements and published in the Government Gazette on January 27, 2021 with the following revisions.

1. The Rent Concessions related to COVID-19, which is effective from June 1, 2020 with earlier application permitted. 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.
2. Added the requirements for the temporary exception arising from interest rate benchmark reform, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted.

The management of the Company is in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

**3. SIGNIFICATION ACCOUNTING POLICIES**

**3.1 Recognition of revenues and expenses**

**Revenue from sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue from sales of goods that are conditional on installation and inspection is recognised at the point in time when control of the asset is transferred to the customer, generally upon the buyer accepting the goods, when installation is complete and the goods have passed inspection.

Revenue is stated at the amount of the consideration received or expected to be received, excluding value added tax, of goods supplied after deducting returns and discounts.

For sale with warranties to assure that the goods comply with agree-upon specifications, the Company recognized the warranty as provisions, contingent liabilities and contingent assets.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

The service-type warranties provided customers with a service in addition to the assurance that the product complies with agree-upon specifications is recognized as revenue over the period in which the service is provided.

**Revenue from rendering of services**

Revenue from providing maintenance service is recognised over time when services have been rendered considering the straight-line method over the term of the contracts.

Revenue from project development services is recognised over time in accordance with the measuring progress towards complete satisfaction of a performance obligation, based on the costs incurred to the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation. In some circumstances, the Company may not be able to reasonably measure the outcome of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company shall recognise revenue only to the extent of costs incurred until such time that it can reasonably measure the outcome of the performance obligation

The recognised revenue which is not yet due per the contracts has been presented as “Accrued service income /Unbilled receivables” in the statement of financial position, which is classified as trade receivables. When the Company is entitled to receive without condition such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or service to a customer for which the Company has received the consideration or an amount of consideration is due from the customer is presented as “Deferred revenue” in the statement of financial position, which is classified as other payables under trade and other payable. Deferred revenue will be recognised as revenue when the Company has completely performed the obligation stated in the contract.

Revenue from providing other service is recognised when the services are rendered.

***Interest income and other income***

Interest income is recognised over the period of time in consideration by the accrual basis.

Other income is recognised on the accrual basis.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

*Expenses*

Other expenses are recognised on an accrual basis.

**3.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

**3.3 Trade receivables**

Applicable from January 1, 2020

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at its present value.

Trade receivables are stated at the amount expected to be collectible. The Group applies the TFRS 9 simplified approach to measuring expected credit losses which uses a simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, and accordingly adjusts the historical loss rates based on expected changes in these factors. The impairment losses are recognised in profit or loss under administrative expenses.

Applicable prior to January 1, 2020

*Trade account receivable*

Trade accounts receivable are initially recognised by the invoice amount and subsequently measured at the remaining amount less an allowance for doubtful accounts (if any) based on a review of all outstanding amounts at year end. The allowance for doubtful accounts is the difference between the carrying amount of trade accounts receivable and the amount expected to be collectible. Bad debts are immediately recognized in profit or loss as part of administrative expenses.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

*Allowance for doubtful accounts*

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Allowances made are based on historical write-off patterns and the aging of accounts receivable. Bad debts are written off when incurred.

### 3.4 Investments

Investments in subsidiaries

Subsidiaries are those companies in which the Company has the power to control the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights.

In the separate financial statements, investments in subsidiaries are stated at net cost net from allowance on impairment (if any). Loss on impairment of investment will be recognised as loss for the period in the statement of comprehensive income.

### 3.5 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on the specific method.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realisable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete the sale.

An allowance for decline in value of inventories is provided for all deteriorated, damaged, obsolete and slow-moving inventories.

### 3.6 Financial assets and financial liabilities

Classification and measurement of financial assets

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

The Group classifies its debt instruments in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Group has to reclassify debt instruments when and only when its business model for managing those assets changes.

The equity instruments held must be irrevocably classified to two measurement categories; i) at fair value through profit or loss (FVPL), or ii) at fair value through other comprehensive income (FVOCI) without reclassifying to profit or loss.

At initial recognition, The Group has to measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset not at FVPL, transaction costs are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group business model for managing the asset and the cash flow characteristics of the financial assets.

There are three measurement categories into which the Group has classified its debt instruments:

- Amortised cost: A financial assets will be measured at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in financial income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented in profit or loss.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

- FVOCI: A financial asset will be measured at FVOCI when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and related foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised on other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net in other gains/(losses) in the period in which it arises.

Dividends from such investments continue to be recognised in profit or loss by presenting as other income when the Group is entitled to receive payments.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Classification and measurement of financial liabilities and equity

Financial instruments issued by the Company and its subsidiaries must be classified as financial liabilities or equity securities by considering contractual obligations.

- Where the Group has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Group own equity instruments.



THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

- Where the Group has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered as an equity instrument.

At initial recognition, the Group has to measure financial liabilities at fair value. The Group has reclassified all financial liabilities as subsequently measured at amortised cost, except for certain financial liabilities.

Recognition and derecognition

The Group shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

Impairment of financial assets

The Group recognized an allowance for expected credit losses on its financial assets measured at amortized cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Group applies a simplified approach to determine the lifetime expected credit losses.

**3.7 Property, plant and equipment / Depreciation**

Land is stated at cost.

Plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any).

Cost is initially recognised upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

Allowance for impairment loss of assets will be recorded when there is any event or circumstance indicating that the recoverable values of these assets are less than their carrying values.

Expenditure incurred in addition, renewal or betterment are recorded add in involve fixed asset, if it is certainly probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Repair and maintenance costs are recognised as an expense when incurred.

Depreciation is calculated by cost less residual value on the straight-line basis over the following estimated useful life:-

<u>Type of assets</u>	<u>Estimated useful lives (years)</u>
Land improvement	5 - 10
Building	40
Building improvement	5 - 20
Office equipment	3 - 5
Office furniture and fixture	5
Vehicles	5

- The Group has regularly reviewed the residual value and useful life of the assets.
- The depreciation for each asset component is calculated on the separate component when each component has significant cost compared to the total cost of that asset.
- Depreciation is included in determining income.
- No depreciation is provided on land, construction in progress and asset under installation.
- Property, plant and equipment are written off at disposal. Gains or losses arising from the sale or write-off of assets are recognised in the statement of income.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**3.8 Borrowing costs**

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalised as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing

**3.9 Intangible asset / Amortisation**

Intangible assets are stated at cost less accumulated amortisation and allowance on impairment (if any). Intangible assets are amortised in the statement of income on a straight-line basis over their estimated useful life from the date that they are available for use. The estimated useful life is as follows:

<u>Type of assets</u>	<u>Estimated useful lives (years)</u>
Software	5 – 10

**3.10 Impairment of assets**

As at the statement of financial position date, the Group assesses whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortisation. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

**3.11 Trade accounts payable and other payable**

Trade and other accounts payable are stated at cost.

**3.12 Provisions**

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**3.13 Employee benefits**

Short-term employment benefits

The Group recognises salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Group has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees will be recognised immediately in other comprehensive income as a part of retained earnings.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

3.14 Share-based payment

The fair value of the shares as at grant date to the management and employees is recognised as employee expense along with the increase in shareholder's equity throughout the period that employee is able to access the rights without restriction. The amount recognised is expense to be adjusted to reflect the rights to purchase shares under the term of service that is not the term of equity market.

3.15 Leases

Applicable from January 1, 2020

At inception of a contract, the Group and its subsidiaries assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group and its subsidiaries assess the lease term for the non-cancellable period as stipulated in the lease contract or the remaining period of active leases at the date of initial application (as at January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercise by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

*Right-of-use assets-as a lessee*

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are calculated by reference to their costs on a straight-line basis over the lease term and the estimated useful lives for each type of right-of-use assets.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

*Lease liabilities*

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and its subsidiaries and payments of penalties for terminating the lease, if the lease term reflects the Group and its subsidiaries exercising the option to terminate.

In calculating the present value of lease payments, the Group and its subsidiaries use its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

*Short-term leases and leases of low-value assets*

The Group and its subsidiaries apply the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognised as expense in profit and loss on a straight-line basis over the lease term.

Applicable prior to January 1, 2020

*Operating lease*

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognised as expense on a straight-line basis over the lease term.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

3.16 Income tax

Income tax comprises current income tax and deferred tax.

Current tax

The Group records income tax expense, (if any), based on the amount currently payable under the Revenue Code at the income tax rates 20% of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or disallowable from income tax calculation.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognised as deferred tax income or deferred tax expense which are recognised in the profit or loss except to the extent that it relates to items recognised directly in shareholders' equity.

The deductible temporary differences are recognised as deferred tax assets when it is probable that the Group will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognised as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Group expects to benefit from the deferred tax assets when they are realised or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Group will no longer have the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**3.17 Earnings per share**

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares in issue during the year.

**3.18 Foreign currency transactions**

Transactions in foreign currencies throughout the years are recorded in Baht at the prevailing Bank of Thailand rates at the transaction dates. Outstanding monetary assets and liabilities denominated in foreign currencies at the statement of financial position dates are translated into Baht at the prevailing rates at those dates. Gain or loss arising from translation are credited or charged against current operations.

**3.19 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**3.20 Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.



THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realisable value is estimated based on the selling price expected in the ordinary course of business less selling expense.

The provision for obsolete slow-moving and deteriorated inventory is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognised as expense under cost of sales in profit or loss.

Property, plant, Right-of-use assets and equipment/Depreciation

In determining depreciation of plant, Right-of-use assets and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant, Right-of-use assets and equipment for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The management is required to use judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Group reassessed the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

**4. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS**

As described in Note 2.3 to the financial statements, during the current period, the Group has adopted of TFRSs related to financial instruments and TFRS 16: Leases. The cumulative effect of the changes in accounting policies are recognised as an adjustment to retained earnings as at January 1, 2020 and the comparative information was not restated.

	Baht			
	Consolidated financial statements/Separate financial statements			
	As at December 31, 2019	The impacts of TFRSs related to financial instruments	The impacts of TFRS 16	As at January 1, 2020
<b>Statement of financial position</b>				
<b>Current assets</b>				
Trade and other receivables	149,432,405.53	(676,681.00)	-	148,755,724.53
Finance lease receivables	34,632,093.73	(217,131.95)	-	34,414,961.78
Property, plant and equipment	145,126,213.80	-	(12,295,168.25)	132,831,045.55
Right-of-use assets	-	-	12,295,168.25	12,295,168.25
Deferred tax assets	3,092,665.27	178,762.59	-	3,271,427.86
<b>Equity</b>				
Unappropriated retained earnings	67,342,339.33	(715,050.36)	-	66,627,288.97

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

4.1 Financial instruments

The total impact on the retained earnings as at January 1, 2020 is as follows:

	Baht
	<u>Consolidated financial statements/</u>
	<u>Separate financial statements</u>
Unappropriated retained earnings as at December 31, 2019	67,342,339.33
Increase from allowance for loss trade accounts receivable and other receivable	(715,050.36)
Adjustment to unappropriated retained earnings from adoption of TFRS 9 on January 1, 2020	<u>66,627,288.97</u>

**Classification and measurement**

On January 1, 2020 (the date of initial application), the management of the Group has assessed which business models applied to the financial assets and liabilities held by the Company and has classified the financial assets and liabilities as below. The Company has classified the financial assets and liabilities at amortised cost.

**Impairment of financial assets**

Trade receivables and finance lease receivables

The loss allowance for trade receivables as at December 31, 2019 is reconciled to the opening loss allowance for trade receivables as at January 1, 2020 as follows:

	Baht
	<u>Consolidated financial statements/</u>
	<u>Separate financial statements</u>
<u>Loss allowance for trade receivables and finance lease receivables</u>	
As at December 31, 2019	-
Amounts restated through opening unappropriated retained earnings	<u>893,812.95</u>
Opening loss allowance as at January 1, 2020	<u>893,812.95</u>

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

#### 4.2 Leases

Upon initial application of TFRS 16, the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using incremental borrowing rate at January 1, 2020. For leases previously classified as finance leases, the Company recognised the carrying amount of the assets and lease liabilities based on the previous carrying amounts before the date of initial application of TFRS 16.

	Baht
	<u>Consolidated financial</u> <u>statements/ Separate financial</u> <u>statements</u>
Operating lease commitments disclosed as at December 31, 2019	-
<u>Add:</u> Purchase or extension options reasonably certain to be exercised	-
<u>Less:</u> Contracts reassessed as service agreements	-
	-
<u>Less:</u> Deferred interest expenses	-
Additional lease liabilities from TFRS 16 adoption	-
Finance lease liabilities as at December 31, 2019	<u>7,846,583.83</u>
Lease liabilities recognised as at January 1, 2020	<u>7,846,583.83</u>
Of which are:	
Current lease liabilities	3,147,934.51
Non-current lease liabilities	<u>4,698,649.32</u>
	<u>7,846,583.83</u>

Right-of-use assets are divided into the following types of assets:

	<u>Thousand Baht</u>
As at January 1, 2020	
Vehicle	<u>12,295,168.25</u>

#### 5. RELATED PARTIES TRANSACTION

The Company has certain transaction with its related parties, such transactions comply with commercial terms and based on the agreed upon basis between the Company and related parties in an ordinary course of business.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

- The nature of relationship with related parties can be summarised as follows:

<u>Name of related parties</u>	<u>Nature of relationship</u>
<u>Related persons</u>	
Director and key management personnel	Persons having authority and responsibility of management
<u>Related entities</u>	
The Practical Superb Solution Co., Ltd.	Subsidiary
The Win Telecom Co., Ltd.	Subsidiary

- Pricing policy for transaction with related parties as follows:

<u>Type of business</u>	<u>Pricing policy</u>
Sale of assets	Market price less discount 30 percent
Management benefit expenses	As approved by the director and shareholder

As at December 31, 2020 and 2019, the Company does not have balance with the related parties.

Revenue and expense transactions with related parties for the year ended December 31, 2020 and 2019 were as follows:

	Baht	
	<u>Consolidated financial statements/</u>	
	<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>
Sales of assets	<u>402,500.00</u>	<u>13,971.95</u>
Management benefit expenses		
Short-term employee benefits	37,512,108.68	32,380,005.00
Post-term employee benefits	<u>1,249,653.00</u>	<u>1,203,698.00</u>
	<u>38,761,761.68</u>	<u>33,583,703.00</u>

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

MANAGEMENT BENEFIT EXPENSES

Management benefit expenses represent the benefits paid to the Company's management and directors such as salaries, related benefit and directors' remuneration, including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act. The management is comprised managing director or the management holding top position at the first four management level following the managing director.

**6. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of:

				Baht
	Consolidated financial statements		Separate financial statements	
	<u>2563</u>	<u>2562</u>	<u>2563</u>	<u>2562</u>
Cash on hand	60,000.00	40,000.00	60,000.00	40,000.00
Cash at banks - current accounts	16,250,299.40	159,051,651.62	16,227,051.00	159,051,651.62
Cash at banks - savings accounts	105,840,228.55	38,482,421.65	99,900,776.52	38,482,421.65
Cash at banks - fixed deposits	<u>1,141.89</u>	<u>1,138.07</u>	<u>1,141.89</u>	<u>1,138.07</u>
Total	<u>122,151,669.84</u>	<u>197,575,211.34</u>	<u>116,188,969.41</u>	<u>197,575,211.34</u>

As at December 31, 2020 and 2019, savings accounts carried interest at the rate of 0.25% per annum and 0.50% per annum, respectively

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of:

	Baht	
	<u>Consolidated financial statements/</u>	
	<u>Separate financial statements</u>	
	<u>2563</u>	<u>2562</u>
Trade accounts receivable	116,610,695.86	64,126,626.75
Accrued income - sale of goods and services	<u>15,375,586.53</u>	<u>53,219,026.32</u>
	131,986,282.39	117,345,653.07
<u>Less</u> Allowance for the expected loss	<u>(1,044,841.14)</u>	-
Total	130,941,441.25	117,345,653.07
Other receivable	<u>29,667,096.71</u>	<u>32,086,752.46</u>
Total	<u>160,608,537.96</u>	<u>149,432,405.53</u>

Trade accounts receivable and accrued income - sale of goods and services classified by age of account:

	Baht	
	<u>Consolidated financial statements/</u>	
	<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>
Not due	109,233,203.79	90,355,836.58
Over 1 days to 90 days	17,339,542.00	25,426,578.48
Over 91 days to 180 days	2,321,044.00	1,002,149.16
Over 181 days to 360 days	2,690,172.60	561,088.85
Over 361 days	<u>402,320.00</u>	-
รวม	<u>131,986,282.39</u>	<u>117,345,653.07</u>

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

Trade accounts receivables over 90 days are the government agencies receivables that are in the process of disbursement according of the budget considered to have normal payment periods of such agencies.

Other receivables consisted of:

	Baht	
	<u>Consolidated financial statements/</u>	
	<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>
Prepaid expenses	24,079,422.14	25,509,151.24
Others	<u>5,587,674.57</u>	<u>6,577,601.22</u>
Total	<u>29,667,096.71</u>	<u>32,086,752.46</u>

#### 8. FINANCE LEASE RECEIVABLES

Finance lease receivables consisted of:

	Baht	
	<u>Consolidated financial statements/</u>	
	<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>
Finance lease receivables	78,141,874.87	38,211,607.24
<u>Less</u> Deferred interest	<u>(6,590,685.66)</u>	<u>(3,579,513.51)</u>
Net	71,551,189.21	34,632,093.73
<u>Less</u> Current Portion	<u>(18,420,275.03)</u>	<u>(9,579,165.92)</u>
Finance lease receivables - net	53,130,914.18	25,052,927.81
<u>Less</u> Allowance for the expected loss	<u>(6,915,460.11)</u>	-
Net	<u>46,215,454.07</u>	<u>25,052,927.81</u>



THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

The minimum lease payments and present value of minimum lease payments which the receivable will be paid under the financial lease agreements as at December 31, 2020 and 2019 were as follows:

Baht

	Consolidated financial statements/Separate financial statements			
	2020		2019	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	21,337,087.93	18,420,275.03	11,180,387.71	9,579,165.92
Over 1 year but less than 5 years	<u>56,804,786.94</u>	<u>53,130,914.18</u>	<u>27,031,219.53</u>	<u>25,052,927.81</u>
	78,141,874.87	71,551,189.21	38,211,607.24	34,632,093.73
Deferred interest	(6,590,685.66)	-	(3,579,513.51)	-
	<u>71,551,189.21</u>	<u>71,551,189.21</u>	<u>34,632,093.73</u>	<u>34,632,093.73</u>

9. INVENTORIES

Inventories consisted of: -

Baht

	Consolidated financial statements/ Separate financial statements	
	2020	2019
Work in process	39,132,317.84	39,232,080.37
Material for project work	<u>6,255,414.97</u>	<u>8,095,375.23</u>
Total	45,387,732.81	47,327,455.60
<u>Less</u> allowance for decline in value of inventories	<u>(21,015.76)</u>	<u>(35,306.76)</u>
Net	<u>45,366,717.05</u>	<u>47,292,148.84</u>

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

	Baht	
	<u>Consolidated financial statements/</u>	
	<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>
Decline in value of inventory recognised as cost of goods sold for the year	14,291.00	-
Reversal of decline in value of inventory for the year	-	142,083.24

#### 10. RESTRICTED BANK DEPOSIT

As at December 31, 2020 and 2019, the Company had fixed deposits, 6 and 12 months in the amount of Baht 21.38 million and Baht 21.15 million, respectively which are used for pledge against the letter of guarantee from a local bank (see note 16).

#### 11. INVESTMENTS IN SUBSIDIARY

Investments in subsidiary consisted of the Company's ordinary shares as follows:

Name	Nature of business	Paid-up share capital (Baht)		Investment ratio (%)		Separate financial statements	
						Cost method (Baht)	
		As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
The Practical Superb Solution Co., Ltd.	Distribution and installation of computer network systems	1,000,000	-	49.98	-	499,800	-
The Win Telecom Co., Ltd.	Survey and installation of telecommunication lines	5,000,000	-	56.00	-	<u>2,800,000</u>	-
						<u>3,299,800</u>	-

##### The Practical Superb Solution Co., Ltd.

According to the Board of Directors' Meeting No. 3/2020 dated May 11, 2020, it had a resolution to establish a joint venture company with a private company to join in bidding on large projects related to information technology systems with the registered capital of Baht 1,000,000. The Company had registered the establishment of the joint venture company on July 3, 2020. The Company had held its shareholding in such company at 49.98 percent.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

According to the agreement in the joint venture agreement, the Board of Directors of The Practical Superb Solution Co.,Ltd. consists of 3 directors, 2 directors from The Practical Solution (Public) Co., Ltd. and 1 director from Superb Comp Co.,Ltd. The meeting resolution on various matters has to receive majority votes of all directors. This means The Practical Solution (Public) Co., Ltd. will have control over the operation of The Practical Superb Solution Co.,Ltd. Therefore, the Company considered the investments in The Practical Superb Solution Co.,Ltd. as a subsidiary.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of:

Baht

	Balance per book	Movement during the year			Balance per book
	Dec. 31, 2019	Addition	Deduction	Transfer	Dec. 31, 2020
<u>At cost</u>					
Land	42,221,830.00	-	-	-	42,221,830.00
Land improvement	1,600,000.00	2,439,656.64	-	700,000.00	4,739,656.64
Building	67,466,147.55	-	-	-	67,466,147.55
Building improvement	13,863,306.85	4,937,648.74	-	1,251,367.51	20,052,323.10
Office equipment	13,450,159.62	3,657,178.22	(1,638,153.68)	121,639.54	15,590,823.70
Office furniture and fixture	1,956,112.51	2,077,419.93	(241,448.03)	3,377,296.20	7,169,380.61
Vehicles	26,613,299.06	-	(1,550,467.29)	(16,003,299.06)	9,059,532.71
Works in progress	2,237,096.84	7,721,934.41	-	(5,450,303.25)	4,508,728.00
Total	169,407,952.43	20,833,837.94	(3,430,069.00)	(16,003,299.06)	170,808,422.31
<u>Accumulated depreciation</u>					
Land improvement	26,301.37	608,405.26	-	-	634,706.63
Building	138,629.07	1,686,653.69	-	-	1,825,282.76
Building improvement	107,035.55	1,648,781.64	-	-	1,755,817.19
Office equipment	8,777,873.90	2,153,722.37	(1,570,187.27)	-	9,361,409.00
Office furniture and fixture	1,071,294.91	1,157,008.38	(231,078.68)	-	1,997,224.61
Vehicles	14,160,603.83	99,770.65	(1,550,466.29)	(3,708,130.81)	9,001,777.38
Total	24,281,738.63	7,354,341.99	(3,351,732.24)	(3,708,130.81)	24,576,217.57
Property, plant and equipment, net	145,126,213.80				146,232,204.74

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

Baht

	Balance per book	Movement during the year			Balance per book
	Dec. 31, 2018	Addition	Deduction	Transfer	Dec. 31, 2019
<u>At cost</u>					
Land	42,221,830.00	-	-	-	42,221,830.00
Land improvement	-	-	-	1,600,000.00	1,600,000.00
Building	-	-	-	67,466,147.55	67,466,147.55
Building improvement	-	-	-	13,863,306.85	13,863,306.85
Office equipment	10,800,858.68	2,386,103.49	(148,304.30)	411,501.75	13,450,159.62
Office furniture and fixture	3,484,441.24	469,534.94	(1,997,863.67)	-	1,956,112.51
Vehicles	21,829,869.16	6,107,728.97	(1,324,299.07)	-	26,613,299.06
Works in progress	<u>14,639,119.61</u>	<u>70,938,933.38</u>	-	<u>(83,340,956.15)</u>	<u>2,237,096.84</u>
Total	<u>92,976,118.69</u>	<u>79,902,300.78</u>	<u>(3,470,467.04)</u>	-	<u>169,407,952.43</u>
<u>Accumulated depreciation</u>					
Land improvement	-	26,301.37	-	-	26,301.37
Building	-	138,629.07	-	-	138,629.07
Building improvement	-	107,035.55	-	-	107,035.55
Office equipment	6,916,265.08	2,001,367.08	(139,758.26)	-	8,777,873.90
Office furniture and fixture	2,773,511.86	256,297.80	(1,958,514.75)	-	1,071,294.91
Vehicles	<u>11,690,769.19</u>	<u>2,889,771.99</u>	<u>(419,937.35)</u>	-	<u>14,160,603.83</u>
Total	<u>21,380,546.13</u>	<u>5,419,402.86</u>	<u>(2,518,210.36)</u>	-	<u>24,281,738.63</u>
Property, plant and equipment, net	<u>71,595,572.56</u>				<u>145,126,213.80</u>

Baht

Consolidated financial statements/Separate financial statements20202019

Depreciation for the year

7,354,341.995,419,402.86

Gain (loss) on sales and write-off of equipment for the year

224,216.98(177,760.06)

As at December 31, 2020 and 2019, equipment which was fully depreciated but is still in use had its gross carrying amount before depreciation in the amount of Baht 13.80 million and Baht 13.67 million, respectively.

As at December 31, 2020 and 2019, the land was mortgaged as collateral for credit facilities from bank (Note 16).

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

13. RIGHT-OF-USE ASSETS

Movements of the right-of-use assets account during the year ended December 31, 2020 are summarised below.

	Baht
	<u>Consolidated financial statements/</u>
	<u>Separate financial statements</u>
<b>Cost</b>	-
As at December 31, 2019	
Effects of the adoption of TFRS16 as at January 1, 2020	<u>16,003,299.06</u>
As at January 1, 2020	16,003,299.06
Addition	8,020,000.00
Written-off	<u>(1,313,084.11)</u>
As at December 31, 2020	<u>22,710,214.95</u>
<b>Accumulated depreciation</b>	
As at December 31, 2019	-
Effects of the adoption of TFRS16 as at January 1, 2020	<u>3,708,130.81</u>
As at January 1, 2020	3,708,130.81
Depreciation for the year	2,757,901.74
Depreciation - written-off	<u>(598,140.65)</u>
As at December 31, 2020	<u>5,867,891.90</u>
<b>Net book value</b>	
As at December 31, 2019	-
As at January 1, 2020	<u>12,295,168.25</u>
As at December 31, 2020	<u>16,842,323.05</u>

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

## 14. INTANGIBLE ASSETS

Intangible assets consisted of:

Baht

	Balance per book	Movement during the year		Balance per book
	Dec. 31, 2019	Addition	Deduction	Dec. 31, 2020
At cost				
Software license	563,200.00	-	-	563,200.00
<u>Less</u> accumulated amortisation	<u>(279,873.25)</u>	<u>(45,067.93)</u>	-	<u>(324,941.18)</u>
Intangible assets, net	<u>283,326.75</u>			<u>238,258.82</u>

Baht

	Balance per book	Movement during the year		Balance per book
	Dec. 31, 2018	Addition	Deduction	Dec. 31, 2019
At cost				
Software license	563,200.00	-	-	563,200.00
<u>Less</u> accumulated amortisation	<u>(230,303.32)</u>	<u>(49,569.93)</u>	-	<u>(279,873.25)</u>
Intangible assets, net	<u>332,896.68</u>			<u>283,326.75</u>

Baht

	Consolidated financial statements/ Separate financial statements	
	2020	2019
Amortisation for the period	<u>45,067.93</u>	<u>49,569.93</u>

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

15. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and liabilities for the year ended December 31, 2020 were summarised as follows:

Baht

	Consolidated financial statements/Separate financial statements					
	Balance as at Dec. 31, 2019	The impacts of adoption of TFRS 9	The impacts of adoption of TFRS 9	Income (expenses) during the period		Balance as at Dec. 31, 2020
				In profit or loss	In other comprehensive income	
Deferred tax assets :						
Allowance for doubtful debts	-	178,762.59	178,762.59	62,690.16	-	241,452.75
Allowance for declining in value of inventories	7,061.35	-	7,061.35	(2,858.20)	-	4,203.15
Liability under finance lease agreement	153,205.48	-	153,205.48	(40,000.00)	-	113,205.48
Employees benefit obligations	<u>3,666,178.61</u>	-	<u>3,666,178.61</u>	<u>440,263.20</u>	-	<u>4,106,441.81</u>
Total	<u>3,826,445.44</u>	<u>178,762.59</u>	<u>4,005,208.03</u>	<u>460,095.16</u>	-	<u>4,465,303.19</u>
Deferred tax liabilities						
Receivable under finance lease agreement	<u>(733,780.17)</u>	-	<u>(733,780.17)</u>	<u>(2,244,082.17)</u>	-	<u>(2,977,862.34)</u>
Total	<u>(733,780.17)</u>	-	<u>(733,780.17)</u>	<u>(2,244,082.17)</u>	-	<u>(2,977,862.34)</u>
Deferred tax assets (liabilities), net	3,092,665.27	178,762.59	3,271,427.86	(1,783,987.01)	-	1,487,440.85

Baht

	Consolidated financial statements/Separate financial statements			
	Balance as at Dec. 31, 2018	Income (expenses) during the year		Balance as at Dec. 31, 2019
		In profit or loss	In other comprehensive income	
Deferred tax assets :				
Finance lease receivables	350,468.90	(350,468.90)	-	-
Allowance for declining in value of inventories	35,478.00	(28,416.65)	-	7,061.35
Liability under finance lease agreement	196,379.23	(43,173.75)	-	153,205.48
Employees benefit obligations	<u>2,183,397.41</u>	<u>1,000,724.60</u>	<u>482,056.60</u>	<u>3,666,178.61</u>
Total	<u>2,765,723.54</u>	<u>578,665.30</u>	<u>482,056.60</u>	<u>3,826,445.44</u>
Deferred tax liabilities				
Receivable under finance lease agreement	-	<u>(733,780.17)</u>	-	<u>(733,780.17)</u>
Total	-	<u>(733,780.17)</u>	-	<u>(733,780.17)</u>
Deferred tax assets (liabilities), net	<u>2,765,723.54</u>	<u>(155,114.87)</u>	<u>482,056.60</u>	<u>3,092,665.27</u>

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

#### 16. CREDIT FACILITIES FROM FINANCIAL INSTITUTIONS

As at December 31, 2020 and 2019, the Company had credit facilities with 2 local commercial banks under the total credit facilities of Baht 306 million and Baht 361 million, respectively, as follows:

<u>Types of credit limit</u>	<u>Interest rate</u> (% per annum)	<u>Million Baht</u>	
		<u>2020</u>	<u>2019</u>
(1) Bank overdrafts	MOR	11	11
(2) Short-term loans	MLR - 1.50	65	65
(3) Letter of guarantee	1.25 - 1.50	230	230
(4) Long-term loan	MLR - 1.75	-	55
Total		<u>306</u>	<u>361</u>

As at December 31, 2020 and 2019, the credit facilities were secured by the mortgage of the Company's land and construction thereon (Note 12), fixed deposits (Note 10) and some directors of the Company.

#### 17. TRADE AND OTHER PAYABLES

Trade and other payables consisted of:

	<u>Baht</u>	
	<u>Consolidated financial statements/</u>	
	<u>2020</u>	<u>2019</u>
Trade accounts payable	103,402,130.68	112,765,095.59
Accrued expenses	21,406,025.37	19,119,873.00
Deferred revenue	<u>24,049,683.91</u>	<u>20,558,244.78</u>
Total	<u>148,857,839.96</u>	<u>152,443,213.37</u>



THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

18. OTHER CURRENT LIABILITIES

Other current liabilities consisted of:

Baht

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Withholding taxes payable	3,966,355.14	3,848,960.08	3,966,355.14	3,848,960.08
Accounts payable – Revenue Department	3,772,261.26	-	3,772,261.26	-
Others	228,268.00	249,806.00	172,818.00	249,806.00
<b>Total</b>	<b>7,966,884.40</b>	<b>4,098,766.08</b>	<b>7,911,434.40</b>	<b>4,098,766.08</b>

19. LONG-TERM LOAN FROM FINANCIAL INSTITUTION

Movements of long-term loan from financial institution for year ended December 31, 2020 were as follows:

Baht

	<u>Consolidated financial statements/</u>
	<u>Separate financial statements</u>
Balance as at January 1, 2020	31,900,000.00
<u>Add</u> additional loan during the period	-
<u>Less</u> repayments during the period	(31,900,000.00)
Balance as at December 31, 2020	-
<u>Less</u> Deferred financial cost	-
	-
<u>Less</u> Current portion	-
Net	-

On November 23, 2018, the Company entered into a long-term loan agreement with a local commercial bank at the total amount of Baht 55 million for investment in a new office building. The loan carried interest at the rate of MLR - 1.75% per annum and has to make principal repayment excluding interest in monthly installments of Baht 920,000 per installment total 60 installments by the first installment in July 2020. The loan is secured by land and buildings of the Company (Note 12). Such loan has no conditions regarding maintaining the financial ratio from the bank. And during the year 2020, the Company has paid off such loans in the full amount.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

## 20. LIABILITY UNDER LEASE AGREEMENTS

The carrying amounts of lease liabilities and the movement for the year ended December 31, 2020 are presented below:

	Baht
	<u>Consolidated financial statements/</u>
	<u>Separate financial statements</u>
As at December 31, 2019	7,846,583.83
Effects of the adoption of TFRS16	-
As at January 1, 2020	7,846,583.83
Addition	6,484,464.00
Accretion of interest	(414,283.92)
Payments	<u>(4,397,485.01)</u>
As at December 31, 2020	9,519,278.90
<u>Less: current portion</u>	<u>(3,640,118.43)</u>
Lease liabilities - net of current portion	<u>5,879,160.47</u>

The following are the amounts recognised in profit or loss:

	Baht
	<u>Consolidated financial statements/</u>
	<u>Separate financial statements</u>
Depreciation of right-of-use assets	2,757,901.74
Interest expense on lease liabilities	<u>414,283.92</u>
Total	<u>3,172,185.66</u>

The Group had total cash outflows for leases of Baht 4.81 million (the separate: Baht 4.81 million) and also had non-cash additions to right-of-use assets and lease liabilities of Baht 6.48 million (the separate: Baht 6.48 million).

Liability under lease agreements are due for repayment as follows:

	Baht					
	<u>Consolidated financial statements/Separate financial statements</u>					
	2020			2019		
	Principal	Deferred interest	Net	Principal	Deferred interest	Net
Within 1 year	3,640,118.43	299,584.47	3,939,702.90	3,147,934.51	256,331.45	3,404,265.96
Over 1 - 5 years	5,879,160.47	246,408.22	6,125,568.69	4,698,649.32	235,333.64	4,933,982.96
Total	<u>9,519,278.90</u>	<u>545,992.69</u>	<u>10,065,271.59</u>	<u>7,846,583.83</u>	<u>491,665.09</u>	<u>8,338,248.92</u>

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

As at December 31, 2020, the Company had vehicles and equipment long-term lease agreements in the form of hire - purchase agreement lease with 4 local leasing companies, with 13 contracts. The total amount of the contract value is Baht 14,326,842.09. Installments period are 48 - 60 months and the total repayments is Baht 324,425.00 per month.

21. EMPLOYEE BENEFIT OBLIGATIONS

As at December 31, 2020 and 2019, the Company has defined benefit obligations as follows:

The statement of financial position

	Baht	
	<u>Consolidated financial statements/</u>	
	<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>
Employee benefit obligations at the beginning of the year	18,330,893.03	10,916,987.03
Actuarial loss on defined employee benefit plan		
- In profit or loss	-	-
- In other comprehensive income	-	2,410,283.00
Past service costs and interest		
- Post employment plan amendment	-	3,245,433.00
Current service cost and interest increase	2,402,816.00	2,073,390.00
Benefit paid by the plan during the year	<u>(201,500.00)</u>	<u>(315,200.00)</u>
Employee benefit obligations at the end of the year	<u>20,532,209.03</u>	<u>18,330,893.03</u>

Expenses which are recognised in the statement of comprehensive income

	Baht	
	<u>Consolidated financial statements/</u>	
	<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>
Past service costs and interest	-	3,245,433.00
Current service cost		
Cost of sales	1,038,763.00	847,588.00
Selling expenses	167,225.00	135,041.00
Administrative expense	<u>1,196,828.00</u>	<u>1,090,761.00</u>
	<u>2,402,816.00</u>	<u>5,318,823.00</u>

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

Principal actuarial assumptions at the reporting date

	<u>2020</u>	<u>2019</u>	Baht
Discount rate	1.90	1.90	
Salary increase rate	11.0	11.0	
Employee turnover rate	0 - 15	0 - 15	
Mortality rate	100% of Thai's Mortality Rate 2017	100% of Thai's Mortality Rate 2017	

Sensitivity analysis

The effects of change in significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2020 and 2019 were summarised below:

	<u>2020</u>	<u>2019</u>	Baht
Discount rate - increase 1%	(2,403,548.00)	(2,153,626)	
Discount rate - decrease 1%	2,882,161.00	2,582,473	
Salary increase rate - increase 1%	2,599,667.00	2,329,353	
Salary increase rate - decrease 1%	(2,240,682.00)	(2,007,695)	

## 23. CAPITAL MANAGEMENT

The primary objective of capital management of the Company is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statement of financial position as at December 31, 2020 and 2019, the Company's debt-to-equity ratio 0.62 : 1 and 0.66 : 1, respectively.

## 24. SHARE CAPITAL

Year 2019

According to the resolution of the Extraordinary Shareholders' Meeting No.1/2019 held on June 28, 2019, the shareholders had the resolution on the following significant matters.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

- 1) Approve the change of par value to be in line with the company conversion from a limited company to a public company by changing the par value from Baht 100 per share to Baht 0.50 per share resulting in an increase of the Company's ordinary shares (after the capital increase) from 1,000,000 shares to 200,000,000 shares.
- 2) Approve the registered capital increase for Baht 40 million from formerly Baht 100 million to the registered capital Baht 140 million by issuing ordinary shares capital increase 80 million shares at the par value of Baht 0.50 per share as the Company intends to list all its ordinary shares as registered securities on the Stock Exchange by the Initial Public Offering.
- 3) Approve the allocation of ordinary shares capital increase as approved at the meeting to increase the registered capital of the Company for additional Baht 40 million by issuing ordinary shares capital increase 80 million shares at the par value of Baht 0.50 per share. The details are as follows:
  - 3.1) Allocate ordinary share capital increase of 72 million shares at the par value of Baht 0.50 per share for Initial Public Offering.
  - 3.2) Allocate the ordinary share capital increase 8 million shares at the par value of Baht 0.50 per share for offering to the director, management and/or employees at the same price as with the public offering. Any leftover ordinary share capital increase from the allocation to director, management and/or employees, then allocate the remaining ordinary shares by the Initial Public Offering.
- 4) Approve listing the ordinary shares as registered securities on Market Alternative Investment (MAI).

On July 9, 2019, the Company has registered to change the share value and capital increase with the Ministry of Commerce.

During November 5 - 7, 2019, the Company has made the initial public offering for 80 million shares to the subscribers at Baht 2.50 per share. On November 8, 2019, the Company has received the shares payment at the amount of Baht 200 million and has registered the increased paid-up capital with the Ministry of Commerce on November 8, 2019. The Stock Exchange of Thailand has received the Company's ordinary shares as listed securities on the Market for Alternative Investment (MAI). The commencing trading is on November 15, 2019. The Company has the direct expenses related to the Initial Public Offering in the amount of Baht 6.71 million (net of income tax), shown as a deduction from the premium on ordinary share received from shareholders. As a result,

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

the Company has the premium on ordinary shares amounting to Baht 153.29 million shown as a separate item under "shareholders' equity" in the statement of financial position. This share premium cannot be paid as dividend.

As at December 31, 2019, the Company has 280 million registered ordinary shares with the par value of Baht 0.50 per share, equivalent to the registered share capital of Baht 140 million, which has been fully paid up.

	Registered capital		Issued and paid up capital	
	share	Baht	share	Baht
As at January 1, 2019	1,000,000	100,000,000.00	1,000,000	100,000,000.00
Increase registered capital and call for share payment	-	-	-	-
Balance before change				
the par value of ordinary shares	<u>1,000,000</u>	<u>100,000,000.00</u>	<u>1,000,000</u>	<u>100,000,000.00</u>
Balance after the change in par value of the ordinary shares	200,000,000	100,000,000.00	200,000,000	100,000,000.00
Increase in registered capital	<u>80,000,000</u>	<u>40,000,000.00</u>	<u>80,000,000</u>	<u>40,000,000.00</u>
As at December 31, 2019	<u>280,000,000</u>	<u>140,000,000.00</u>	<u>280,000,000</u>	<u>140,000,000.00</u>

## 25. LEGAL RESERVE

Under the provisions of the Limited Public Company Act B.E 2535, the Company is required to appropriate at least 5 % of its annual net profit after deduction of the deficit brought forward (if any) as legal reserve until the reserve reaches 10 % of the authorised share capital. The reserve is not available for dividend distribution.

## 26. APPROPRIATION OF RETAINED EARNINGS

### Year 2020

According to the Board of Directors' Meeting No. 2/2020 held on April 17, 2020, the Board approved to pay interim dividend from the operating results for the year ended December 31, 2019

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

to the shareholders of 280,000,000 shares at Baht 0.20 per share in the amount of Baht 56 million.  
The dividend was paid on May 15, 2020.

For the year ended December 31, 2020, the Company appropriated the legal reserve at the rate 5% of net profit for the year 2020 amounted to Baht 1.55 million.

Year 2019

According to the 2019 Annual General Meeting of Shareholders on April 9, 2019, the shareholders approved the payment of dividends from the operating results for the year ended December 31, 2018 to the shareholders of 1,000,000 shares at Baht 20 per share in the amount of Baht 20 million. The Company paid the dividend on April 25, 2019.

According to the Board of Directors' Meeting No. 3/2019 held on June 13, 2019, the Board approved to pay interim dividend from the operating results for the year ended December 31, 2018 to the shareholders of 1,000,000 shares at Baht 25 per share in the amount of Baht 25 million. The dividend was paid on July 5, 2019.

For the year ended December 31, 2019, the Company appropriated the legal reserve at the rate 5% of net profit for the year 2019 amounted to Baht 2.05 million.

27. OPERATING SEGMENT

The Company operates its main business in reportable operating segments according to the type of products and services provided with the main geographical area in Thailand as follows:

<u>Type of operating segments</u>	<u>Type of products and services of segment</u>
- Sales including installment segment (main segment)	Computer network systems, fully integrated of communication system, wireless communication system, network security system, data centre solution and management system and network system management including to provide maintenance services related to such systems
- Other segments	System development installation including related services and other services

The operating segment's performance is regularly reviewed by the chief operating decision maker who is the Executive Directors in order to make decisions about the allocation of resources to the segment and assess its performance. The Company assesses the performance of the operating segment by using the

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

operating profit or loss as the basis consistent with that used to assess operating profit or loss in the financial statements.

Details of financial information classified by operating segments for the years ended December 31, 2020 and 2019 were as follows:

Million Baht

Consolidated statement of comprehensive income (partial) For the year ended December 31,								
	Sales including instalment		Maintenance services		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from sales and services	544.07	461.15	171.79	160.25	17.53	18.14	733.39	639.54
Cost of sales and services	(411.72)	(346.85)	(97.58)	(85.36)	(8.14)	(9.14)	(517.44)	(441.35)
Gross profit	<u>132.35</u>	<u>114.30</u>	<u>74.21</u>	<u>74.89</u>	<u>9.39</u>	<u>9.00</u>	<u>215.95</u>	<u>198.19</u>
Interest income							3.00	1.99
Other income							1.55	0.73
Selling expense							(35.27)	(34.26)
Administration expense							(115.48)	(104.10)
Other expense							-	(0.44)
Finance cost							(1.01)	(0.48)
Income tax expense							(14.87)	(12.71)
Profit for the period							<u>53.87</u>	<u>48.92</u>

Million Baht

Separate statement of comprehensive income (partial) For the year ended December 31,								
	Sales including instalment		Maintenance services		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues from sales and services	544.07	461.15	171.79	160.25	17.53	18.14	733.39	639.54
Cost of sales and services	(411.72)	(346.85)	(97.58)	(85.36)	(8.14)	(9.14)	(517.44)	(441.35)
Gross profit	<u>132.35</u>	<u>114.30</u>	<u>74.21</u>	<u>74.89</u>	<u>9.39</u>	<u>9.00</u>	<u>215.95</u>	<u>198.19</u>
Interest income							3.00	1.99
Other income							1.55	0.73
Selling expense							(35.27)	(34.26)
Administration expense							(115.39)	(104.10)
Other expense							-	(0.44)
Finance cost							(1.01)	(0.48)
Income tax expense							(14.87)	(12.71)
Profit for the period							<u>53.96</u>	<u>48.92</u>



THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

Geographic information

The Company operates its business in a single geographic region in Thailand only. As a result, all of revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customer

For the year ended December 31, 2020 and 2019, the Company had no revenues from sales and services from any customers with the amount over 10% of the total revenue.

**28. EXPENSES BY NATURE**

Significant expenses by nature were as follows:

	<u>2020</u>	<u>2019</u>
Changes in work in process	8,326,024.94	(8,877,534.29)
Material used	320,695,722.93	301,852,118.86
Project service expenses	162,867,077.07	124,098,996.29
Employee benefit expenses	97,024,136.52	88,229,788.08
Depreciation and amortisation	10,157,311.66	5,468,972.79
Special incentive	40,080,546.31	36,981,257.87
Rental expenses for buildings and vehicles	75,600.00	3,645,614.50
Marketing activities	223,439.90	3,676,520.76

Baht

**29. PROVIDENT FUND**

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E.2530.

Under the provident fund plan, the employees' and Company's contributions are equivalent to certain percentages of employees' basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act B.E.2530.

The Company's contributions for the years ended December 31, 2020 and 2019 amounted to Baht 4.13 million and Baht 2.57 million, respectively.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

30. INCOME TAX EXPENSE (TAX INCOME)

30.1 Major components of income tax expense (tax income) for the years ended December 31, 2020 and 2019 consist of :

	Baht	
	<u>Consolidated financial statements/</u>	
	<u>Separate financial statements</u>	
	<u>2020</u>	<u>2021</u>
Income tax expense shown in profit or loss:		
Current income tax expense:		
Corporate income tax expense for the year	13,088,038.15	12,557,096.49
Deferred tax expense (income):		
Change in temporary differences relating to the		
original recognition and reversal	1,783,987.01	155,114.87
Total	<u>14,872,025.16</u>	<u>12,712,211.36</u>
Income tax relating to components of other comprehensive income:		
Deferred tax relation to:		
Actuarial loss on defined employee benefit plan	-	(482,056.60)
Total	-	<u>(482,056.60)</u>

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

30.2 A numerical reconciliation between income tax expense and the product of accounting profit and the applicable tax rate for the years ended December 31, 2020 and 2019 were summarised as follows:

Baht

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Accounting profit for the year	68,744,998.63	61,633,202.12	68,837,748.20	61,633,202.12
The applicable tax rate (%)	20.00	20.00	20.00	20.00
Tax expense at the applicable tax rate	13,748,999.73	12,326,640.42	13,767,549.64	12,326,640.42
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses that are forbidden expenses in determining				
taxable profit	1,787,485.02	798,786.27	1,787,485.02	798,786.27
Tax effect of tax deductible expenses in tax	(683,009.50)	(413,215.33)	(683,009.50)	(413,215.33)
Unrecognised tax losses as deferred tax	18,549.91	-		-
Total reconciliation items	1,123,025.43	385,570.94	1,104,475.52	385,570.94
Total income tax expense	14,872,025.16	12,712,211.36	14,872,025.16	12,712,211.36

30.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2020 and 2019 were summarised as follows:

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax	68,744,998.63		61,633,202.12		68,837,748.20		61,633,202.12	
expense for the year								
Income tax expense at the	13,748,999.73	20.00	12,326,640.42	20.00	13,767,549.64	20.00	12,326,640.42	20.00
applicable tax rate								
Reconciliation items	1,123,025.43	0.82	385,570.94	0.63	1,104,475.52	0.08	385,570.94	0.63
Tax expense (income) at the	14,872,025.16	20.82	12,712,211.36	20.63	14,872,025.16	20.08	12,712,211.36	20.63
average effective tax rate								

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2020

### 31. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the year.

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Profit (loss) attributable to the parent company (Baht)	53,917,443.95	48,920,990.76	53,965,723.04	48,920,990.76
Weighted average number of ordinary shares (Share)	280,000,000	211,835,616	280,000,000	211,835,616
Basic earnings per share (Baht/share)	0.19	0.23	0.19	0.23

On July 9, 2019, the Company has registered to change the par value of the Company's ordinary shares from Baht 100.00 each to Baht 0.50 each. As a result, the registered share capital is Baht 100 million, comprising 200 million ordinary shares with a par value of Baht 0.50 each and registered to increase the registered share capital amounting to Baht 40 million by issuance of 80 million ordinary shares with a par value of Baht 0.50 each. As a result, the total registered share capital is Baht 140 million.

### 32. CHANGE IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2020 and 2019 are as follows:

	Baht			
	Balance as at January 1, 2020	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2020
Long-term loan from financial institution	31,487,500.00	(31,487,500.00)	-	-
Liability under finance lease agreements	<u>7,846,583.83</u>	<u>(4,811,768.93)</u>	<u>6,484,464.00</u>	<u>9,519,278.90</u>
Total	<u>39,334,083.83</u>	<u>(36,299,268.93)</u>	<u>6,484,464.00</u>	<u>9,519,278.90</u>

**THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

Baht

	Balance as at January 1, 2020	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2020
Long-term loan from financial institution	-	31,487,500.00	-	31,487,500.00
Liability under finance lease agreements	<u>6,937,062.52</u>	<u>(3,627,228.69)</u>	<u>4,536,750.00</u>	<u>7,846,583.83</u>
Total	<u>6,937,062.52</u>	<u>27,860,271.31</u>	<u>4,536,750.00</u>	<u>39,334,083.83</u>

\* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

### 33. FINANCIAL INSTRUMENTS

#### 33.1 Risk management

The Group manages its financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Group does not hold or issue derivative financial instruments for speculative or trading purposes.

#### 33.2 Credit risk

The Group is exposed to credit risk primarily relating to trade accounts receivable. The management of the Group manages this risk by establishing appropriate credit control policies and procedures. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

#### 33.3 Interest rate risk

The Group is exposed to interest rate risk relates primarily to its cash at financial institutions, finance lease receivables, restricted bank deposits, long-term loan from financial institution and liabilities under finance lease agreements. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market. However, the management believed that the future fluctuation on market interest rate would not have significant effect on their operations and cash flows. Therefore, no other financial derivative was adopted to manage such risks.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rates are summarised as follows:

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

Baht

Consolidated financial statements					
2020					
	Fixed Interest	Floating interest	No interest	Total	Interest rate (% per annum)
<u>Financial Assets</u>					
Cash and cash equivalents	1,141.89	105,840,228.55	16,310,299.40	122,151,669.84	0.25
Trade and other accounts receivable	-	-	160,608,537.96	160,608,537.96	-
Finance lease receivables	64,635,729.10	-	-	64,635,729.10	3.53 - 9.00
Restricted bank deposits	21,376,756.48	-	-	21,376,756.48	0.15 - 0.50
<u>Financial Liabilities</u>					
Trade and other accounts payable	-	-	148,857,839.96	148,857,839.96	-
Liability under lease agreements	9,519,278.90	-	-	9,519,278.90	2.54 - 5.33
<u>Financial Assets</u>					
Cash and cash equivalents	1,141.89	99,900,776.52	16,287,051.00	116,188,969.41	0.25
Trade and other accounts receivable	-	-	160,608,537.96	160,608,537.96	-
Finance lease receivables	64,635,729.10	-	-	64,635,729.10	3.53 - 9.00
Restricted bank deposits	21,376,756.48	-	-	21,376,756.48	0.15 - 0.50
<u>Financial Liabilities</u>					
Trade and other accounts payable	-	-	148,857,839.96	148,857,839.96	-
Liability under lease agreements	9,519,278.90	-	-	9,519,278.90	2.54 - 5.33
<u>Financial Assets</u>					
Cash and cash equivalents	1,138.07	38,482,421.65	159,091,651.62	197,575,211.34	0.50
Trade and other accounts receivable	-	-	149,432,405.53	149,432,405.53	-
Finance lease receivables	34,632,093.73	-	-	34,632,093.73	3.53 - 9.00
Restricted bank deposits	21,148,058.09	-	-	21,148,058.09	0.80 - 1.25
<u>Financial Liabilities</u>					
Trade and other account payable	-	-	152,443,213.37	152,443,213.37	-
Long-term loan from financial institution	31,528,080.93	-	-	31,528,080.93	MLR-1.75
Liability under lease agreements	7,846,583.83	-	-	7,846,583.83	2.54 - 5.33

### 33.4 Foreign currency risk

The Group has foreign currency exchange rate risk because the Group has transaction of volume rebate on purchases of goods which were denominated in foreign currencies. However, the Group believes that the fluctuating exchange rate in the future will not significantly affect the operating performance and cash flows of the company. The Group did not use other derivative to hedge against such risk.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

**33.5 Liquidity risk**

The Group manages its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company's operations as well as securing short-term credit facilities from financial institutions for reserve as necessary and to reduce the impact of fluctuations in cash flow.

**33.6 Fair value of financial instruments**

Since the majority of the Company's financial instruments are short-term in nature on carry interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

**34. COMMITMENTS**

As at December 31, 2020, the Company had commitments in respect of goods purchase under the agreement in the amount of Baht 43.08 million. The Company has already paid the obligation for Baht 10.15 million. Therefore, the outstanding commitment is Baht 32.93 million.

**35. CONTINGENT LIABILITIES**

As at December 31, 2020 and 2019, the Company had contingent liabilities for the letter of guarantees issued by a local bank in the total amount of Baht 30.79 million and Baht 31.48 million, respectively. If the Company cannot comply with the buying/selling agreement, the bank will demand the Company to pay for the damage from the agreement default back to the bank.

**36. EVENT AFTER THE REPORTING PERIOD**

According to the minutes of the Board of Directors' Meeting held on February 25, 2021, it had the resolution to pay the dividend from the retained earnings as of December 31, 2020 to the shareholders at Baht 0.14 per share totaling Baht 39.20 million by the dividend payment in cash at Baht 0.04 per share, totaled Baht 11.20 million and the dividend payment with ordinary shares of the Company at 5 original shares per 1 dividend share, totaled Baht 28 million and to appropriate the net profit for the year ended December 31, 2020 as legal reserve totaling Baht 1.55 million. The Company sets the name list of shareholders who are entitled to receive the dividend as appeared on the shareholders' registration book as at April 7, 2021 and is scheduled to pay the dividend in April 26, 2021.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2020

**37. CORONAVIRUS DISEASE 2019 PANDEMIC**

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries as a whole. The situation affects the results of operations of the Company, recognition and measurement of assets and liabilities in the financial statements. Nevertheless, the management will continue to monitor the ongoing development and regularly assess the financial impact in respect of the valuation of assets, provisions and contingent liabilities.

**38. APPROVAL OF THE FINANCIAL STATEMENTS**

These consolidated and separate financial statements were authorised for issue by the Board of Directors of the Company on February 25, 2021.



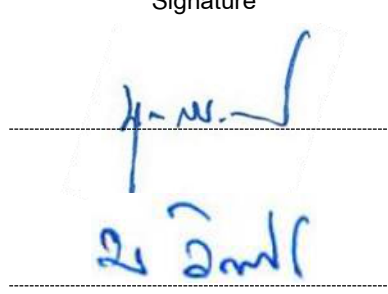
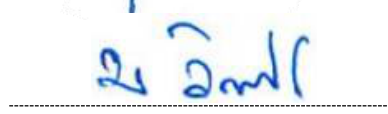

## Past 4

### Certification of the Correctness of Information

"The Company has reviewed the information in this annual registration statement. With caution, the company hereby certifies that all such information is correct, complete, not false, and does not misrepresent others. Or lack of information that should be disclosed in essence in addition, the company asks that.

1. The financial statements and financial information that are summarized in the annual registration statement have accurately and completely presented all material information about the financial position. Performance and the Company's cash flow.
2. The company has set up a good disclosure system. To make sure that the company Have disclosed all material information correctly and completely. As well as supervising the implementation of the aforementioned systems.
3. The company has set up a good internal control system. And oversee the implementation of the said system and have informed the internal control system assessment as of December 31, 2020 to the auditor and the audit committee of the company, which covers deficiencies and significant changes to the system. Total internal control Both the actions that are wrong that may affect the preparation of the financial report of the company.

For this purpose, as evidence that all documents are in the same set of documents that the Company Has certified the correctness, the company Has assigned Ms. Janchay Wetpanya is the person who signs this document on every page If any document does not have the signature of Ms. Janchay Wetpanya has directed the company will not be the information that the company Has certified the correctness of the information as mentioned above."

Name-Last Name	Position	Signature
1. Mr. Bunsom Kitkasetsathaporn	Chief Executive Officer	
2. Mr. Matee Witawasiri	Executive Vice President, Operations	
Name-Last Name	Position	Signature
Ms. Janchay Wetpanya	Chief Financial Officer	

## Attachment 1

## Details of Directors Management and Authority of the Company as of 31 December 2020

Name- Surname /Position	Age (Years old)	Educational Qualifications	Shareholding Proportion (%)	Family Relation with Executives	Working Experience in the past 5 Years		
					Period	Position	Organization / Company Name Business Category
1. Mr. Anocha Wongrungrroj Chairman of the Board of Directors Nomination and Remuneration Committee Independent Director and Audit Committee	52	- Master's degree of Computer Engineering Management - Assumption University Bachelor's Degree of Electrical Engineering King Mongkut's Institute of Technology Ladkrabang  <u>Thai Institute of Directors (IOD)</u> - Director Certification Program (DAP) Batch 157/2562 - Advanced Audit Committee Program (AACCP) Batch 32/2562	0.09%	None	2018- Present	Chairman of the Board	The Practical Solution Pub Co., Ltd. Sales and implementation of information technology systems
					2012- Present	Chief Executive Officer	Code Label Co., Ltd. Manufacture and distribution of ribbon stickers
					Present	Chief Executive Officer	Binary Tec Co., Ltd. Equipment sales on the AUTO-ID, system Barcode and RF-ID, Sticker.
					2007- Present	Chief Executive Officer	Code Label Co., Ltd. Production and distribution of ribbon stickers
					2004- Present	Managing Director	Thal Square Center Part., Ltd. Retail clothing stores.
					1998-2012		
2. Mr. Boonsom Kitkasetsathaporn Director / Chief Executive Officer (Binding authority to sign)/ Chief Executive Officer Member of the Nomination and Remuneration Committee	53	- Master's Degree of Business Administration, National Institute of Development Administration - Bachelor of Science, King Mongkut's University of Technology Thonburi <u>Thai Institute of Directors (IOD)</u> - Director Certification Program (DAP) Batch 130/2559	37.68%	Husband of Mrs. Charanya Kitkasetsathaporn	2006- Present	กรรมการบริษัท/ ประธาน กรรมการบริหาร/ ประธานเจ้าหน้าที่ บริหาร	The Practical Solution Pub Co., Ltd. Sales and implementation of information technology systems

Name- Surname /Position	Age (Years old)	Educational Qualifications	Shareholding Proportion (%)	Family Relation with Executives	Working Experience in the past 5 Years		
					Period	Position	Organization / Company Name Business Category
3. Mr. Methee Withawasiri Company Directors (Binding authority) กรรมการบริหาร/ รองกรรมการผู้จัดการใหญ่ สายงานปฏิบัติการ กรรมการบริหารความเสียง	45	- Master's Degree of Business Administration, Kasetsart University - Bachelor's Degree of Science, King Mongkut's University of Technology Thonburi  <u>Thai Institute of Directors (IOD)</u> - Director Certification Program (DAP) Batch 131/2559	10.71%	None	2006- Present	Director / Executive  Director / Senior Executive Vice President, Operations	The Practical Solution Pub Co., Ltd. Sales and implementation of information technology systems
4. Ms. Chanchai Vepanya Company Directors (Binding authority to sign) Executive Director / Executive Vice President of Accounting and Finance	40	- Master's Degree of Business Administration (Innovation Management), Ramkhamhaeng University - Bachelor's Degree of Business Administration (Accounting), Ramkhamhaeng University <u>Thai Institute of Directors (IOD)</u> - Director Certification Program (DAP) Batch 149/2561  <u>Accounting Trainings</u> - TFRS 16 Course - Lease Agreement and Deferred Tax Issues from Dharmniti Seminar and Training Co., Ltd.	0.82%	None	2006- Present	Director / Executive  Director / Assistant Director Head of Accounting and Finance	The Practical Solution Pub Co., Ltd. Sales and implementation of information technology systems

Name- Surname /Position	Age (Years old)	Educational Qualifications	Shareholding Proportion (%)	Family Relation with Executives	Working Experience in the past 5 Years		
					Period	Position	Organization / Company Name Business Category
		<ul style="list-style-type: none"> <li>- Preparation of Consolidated Financial Statements, Recording investments in subsidiaries and associates in accordance with financial reporting standards from Dharmnit Seminar and Training Co., Ltd.</li> <li>- Management Accounting Course for Planning and Decision-Making Batch 2/63 from Federation of Accounting Professions</li> <li>- Orientation Course-CFO Focus on Financial Reporting Batch 1/2018 from Federation of Accounting Professions</li> <li>- TFRS Course 15- Revenue from contracts with customers from NYC Management Co., Ltd., an approved training and seminar institute which is certified by Federation of Accounting Professions</li> <li>- TFRS Course 9- Accounting of Financial Instruments For organizations that are not financial institutions from NYC Management Co., Ltd., an approved training and seminar</li> </ul>					

Name- Surname /Position	Age (Years old)	Educational Qualifications	Shareholding Proportion (%)	Family Relation with Executives	Working Experience in the past 5 Years		
					Period	Position	Organization / Company Name Business Category
		institute which is certified by Federation of Accounting Professions.  <u>Training with the Stock Exchange of Thailand</u> - Guidelines for preparing financial reports of companies affected by COVID-19.					
5. Ms. Umaporn Sengsui Company Directors (Binding authority to sign) Executive Director / Executive Vice President, Sales Department Risk Management Committee	41	- Bachelor's Degree of Business Administration (Marketing), Ramkhamhaeng University <u>Thai Institute of Directors (IOD)</u> - Director Certification Program (DAP) Batch 153/2561 - Certificate of completion "Situational Leadership" SLINGSHOT GROUP CO., Ltd	2.31%	None	2006- Present	Director / Executive Director / Assistant Director Director of Sales	The Practical Solution Pub Co., Ltd.  Sales and implementation of information technology systems
6. Mrs. Rachanee Phattanalertphan Company Directors Chairman of the Risk Management Committee Audit Committee / Independent Director	48	- Master's Degree of Business Administration, National Institute of Development Administration - Bachelor's Degree of Accounting, University of the Thai Chamber of Commerce	0.09%	None	2018- Present  2014- Present  2004-2014	Audit Committee / Independent Director Director of Finance  Director of Finance	The Practical Solution Pub Co., Ltd.  Bravo Asia Co., Ltd.  Valqua Industries (Thailand) Co., Ltd.  Sales and implementation of information technology systems  Manufacture and distribution of urethane skate wheels  Manufactures and sells gaskets for pipes and tools for refining, petrochemical, power plant and more.

Name- Surname /Position	Age (Years old)	Educational Qualifications	Shareholding Proportion (%)	Family Relation with Executives	Working Experience in the past 5 Years		
					Period	Position	Organization / Company Name Business Category
7. Mr. Wuttichai Charitssaranuwat Company Directors Chairman of the Audit Committee Member of the Nomination and Remuneration Committee	50	<u>Thai Institute of Directors (IOD)</u> - Director Certification Program (DAP) Batch 157/2562 - Advanced Audit Committee Program (AAP) Batch 32/2562 - Master's Degree of Business Administration, National Institute of Development Administration - Bachelor's Degree of Civil engineering, Rajamangala Institute of Technology	0.09%	None			
					2018- Present	Chairman of the Audit Committee / Independent Director	The Practical Solution Pub Co., Ltd. Sales and implementation of information technology systems
8. Mr. Than Siripokee Company Directors Independent Director	60	- Master's Degree of Architecture, Chulalongkorn University - Bachelor's Degree of Accountancy, Chulalongkorn University <u>Thai Institute of Directors (IOD)</u> - Director Accreditation Program (DAP) Batch170/2020	None	None	2020- Present	Independent Director	The Practical Solution Pub Co., Ltd. Sales and implementation of information technology systems
					2020- Present	Director	Siam Technic Concrete Pub Co., Ltd. Distribution of piles, piling of cement piles using SCG mortar.
					2009- Present	President Assistant	Bangkok Bank Pub Co., Ltd. Commercial Bank
					2019- Present	Director	Toyota Leasing Co., Ltd. Leasing

Name- Surname /Position	Age (Years old)	Educational Qualifications	Shareholding Proportion (%)	Family Relation with Executives	Working Experience in the past 5 Years			
					Period	Position	Organization / Company Name	Business Category
9. Mr. Preecha Ueantathanakun Company Directors Independent Director	57	- Master's Degree of Business Administration, Kasetsart University - Bachelor's Degree of Accounting, Thammasat University <u>Thai Institute of Directors (IOD)</u> - Director Certification Program (DCP) Batch 297/2020	None	None	2017-2020	Director	Chukai Pub Co., Ltd.	Crane and Heavy Machinery Distribution
					2018-2020	Chairman of the Audit Committee	Soken Development Group Co., Ltd.	Real estate
					2013-2016	Audit Committee	Sue Tong Group Co., Ltd.	Real estate
					2020- Present	Independent Director	The Practical Solution Pub Co., Ltd.	Sales and implementation of information technology systems
					2019- Present	Director and Audit Committee	Small and Medium Enterprise Development Bank of Thailand	Finance
10. Mrs. Charanya Kitkasetsathaporn Executive Vice President, General Administration	52	Master's Degree of Business Administration, Saint John's University - Bachelor's Degree of Nursing, Kuakarun Nursing College, Srinakharinwirot University <u>Thai Institute of Directors (IOD)</u> - Director Certification Program (DAP) Batch 165/2562	5.92%	Wife of Mr. Boonsom Kitkasetsathaporn	2018- Present	Advisor	Election Commission of Thailand	Independent organization
					1995- Present	Director	Siam Suptavee Co., Ltd.	Service
					2008- Present	Executive Vice President, General Administration	The Practical Solution Pub Co., Ltd.	Sales and implementation of information technology systems

Name- Surname /Position	Age (Years old)	Educational Qualifications	Shareholding Proportion (%)	Family Relation with Executives	Working Experience in the past 5 Years			
					Period	Position	Organization / Company Name	Business Category
11. Mr. Nuttawut Chantarasithipol ผู้ช่วยกรรมการผู้จัดการใหญ่ สายงานปฏิบัติการ	37	<ul style="list-style-type: none"> <li>- Certificate of completion "Situational Leadership"</li> <li>SLINGSHOT GROUP CO., Ltd</li> <li>- Bachelor's Degree of Computer engineering, King Mongkut's Institute of Technology Ladkrabang</li> <li><u>Thai Institute of Directors (IOD)</u></li> <li>- Certificate of completion "Situational Leadership"</li> <li>SLINGSHOT GROUP CO., Ltd</li> </ul>	0.81%	None	2020-Present	Assistant Director Director of Operations	The Practical Solution Pub Co., Ltd.	Sales and implementation of information technology systems
					2015-Present	Assistant Director of Accounting	The Practical Solution Pub Co., Ltd.	Sales and implementation of information technology systems
12. นางสาวภา ศุภดวง ผู้อำนวยการฝ่ายบัญชี	37	<ul style="list-style-type: none"> <li>- Bachelor's Degree of Cost Accounting, Rajamangala University of Technology Phra Nakhon</li> <li><u>Accounting trainings</u></li> <li>- TFRS 16 Course - Lease Agreement and Deferred Tax Issues from Dharmniti Seminar and Training Co., Ltd.</li> <li>- Preparation of Consolidated Financial Statements, Recording investments in subsidiaries and associates in accordance with financial reporting standards</li> </ul>	0.07%	None	2014-2015	Accounting officer	Chic Republic Pub., Co., Ltd.	Home accessories sales
					2005-2014	Accounting officer	Jupiter Logistics Thailand Co.,Ltd	Transportation



Name- Surname /Position	Age (Years old)	Educational Qualifications	Shareholding Proportion (%)	Family Relation with Executives	Working Experience in the past 5 Years		
					Period	Position	Organization / Company Name Business Category
		from Dhamniti Seminar and Training Co., Ltd. - TFRS Course 15- Revenue from contracts with customers from NYC Management Co., Ltd., an approved training and seminar institute which is certified by Federation of Accounting Professions - TFRS Course 9- Accounting of Financial Instruments for organizations that are not financial institutions from NYC Management Co., Ltd., an approved training and seminar institute which is certified by Federation of Accounting Professions. <u>Trainings with the Stock Exchange of Thailand.</u> - Guidelines for preparing financial reports of companies affected by COVID-19. - Money Management Strategy Course to revive the organization and create growth in the New Normal period					

Name- Surname /Position	Age (Years old)	Educational Qualifications	Shareholding Proportion (%)	Family Relation with Executives	Working Experience in the past 5 Years		
					Period	Position	Organization / Company Name Business Category
13. Ms. Supawadee Theerachai Assistant Director of Finance	36	- Bachelor's Degree of Business Administration (Industrial management), Ramkhamhaeng University	0.04%	Granddaughter-in- law of Mr. Boonsom Kikasettsathaporn and Mrs. Charanya Kikasettsathaporn	2011- Present	Assistant Director of Finance	The Practical Solution Pub Co., Ltd. Sales and implementation of information technology systems
14. Miss Kithira Kongkiatbreeda Company Secretary / Secretary of the Board of Directors	34	- Bachelor's Degree of Humanities, Ramkhamhaeng University  <u>Thai Institute of Directors (IOD)</u> - Company Secretary Program (CSP) Batch 85/2018 - Corruption Risk & Control (CRC): Technical Update Batch 5/2020  <u>Training with the Stock Exchange of Thailand</u> Sustainability Fundamentals Batch 2 CSR-P01	-	None	2020- Present  2019-2020  2017-2018	Company Secretary / Secretary of the Board of Directors Company Secretary  Assistant Company Secretary	The Practical Solution Pub Co., Ltd.  TS Flour Mill Co., Ltd.  Thailand Iron Works Pub., Co., Ltd. Sales and implementation of information technology systems  Import-export of wheat products and other grains including downstream products or industrial by-products  Manufacture and distribution of galvanized steel sheets and metal sheets.

รายละเอียดการดำรงตำแหน่งของผู้บริหารและผู้มีอำนาจควบคุมของบริษัทในบริษัทที่เกี่ยวข้อง

Name	Company	Related Companies			
		Code Label Co., Ltd.	Code Label Sales and Services Co., Ltd.	BT Management and Consulting Co., Ltd.	Binary Tec Co., Ltd.
1. Mr. Anocha Wongrunroj	X,AC,ID	X,S	X,S		X,S
2. Mr. Bunsom Kitkasetsathaporn	S,MD,ED				
3. Mr. Matee Witawasiri	S,ED,M				
4. Ms. Janchay Wetpanya	S,ED,M				
5. Ms. Aumaporn Sengsui	S,ED,M				
6. Mrs. Ratchanee Pattanalerthphan	D,AC,ID			S	
7. Mr. Wuttichai Chartisaranuwat	D,AC,ID				
8. Mrs. Jarunya Kitkasetsathaporn	M				
9. Mr. Nuttawut Jantarassitiphon	M				
10. Mrs. Daonapa Sukduang	M				
11. Ms. Supawadee Thirachai	M				

Remarks: X = Chairman D = Director S = Authorized Director MD = Managing Director ED = Executive Director ID = Independent Director AC = Audit Committee M = Executive

#### **Duties and Responsibilities of the Company Secretary**

- (1) Provide preliminary advice on the law and regulations of the Company that the Board of Directors. Also, follow up to ensure compliance with accuracy and consistency, including reporting changes in requirements and / or laws that are significant to the Company's business operations to the Board of Directors.
- (2) Organize shareholders' meetings and board meetings in accordance with the laws, regulations and related practices of the company.
- (3) Record the minutes of the shareholders' meetings and the meetings of the board of directors, including following up on the implementation of the resolutions of the shareholders' meetings and the board of directors' meetings.
- (4) Ensure that information is disclosed and reported information in the area of responsibility to the relevant departments in accordance with the regulations and requirements of such departments.
- (5) Oversee the activities of the Board of Directors and perform any other activities in accordance with the law and / or as specified by the Capital Market Supervisory Board and / or as assigned by the Board of Directors.

## Attachment 2

### Details of the Directors of the Subsidiary Company

Related Company	2020 (Million Baht)	Relationship	
		Shareholding (As of December 31, 2020)	Management (As of December 31, 2020)
<b>Subsidiary Company</b>			
The Win Telecom Public Company Limited	5,000,000	The Practical Solution Public Company Limited holds 56% of the shares.	Directors and Executives of TPS (Mr. Jamnong Nitnara, Ms. Suchira Suebsaeng, Ms. Umaporn Sengsui and Ms. Janchay Wetpanya)
<b>Associated Company</b>			
The Practical Superb Solution Public Company Limited	1,000,000	The Practical Solution Public Company Limited holds 50% of the shares.	Directors and Executives of TPS (Mr. Bunsom Kitkasetsathaporn, Mr. Matee Witawasiri, Ms. Pattarawadee Srisathaporn)

Remark: The historical data of the year 2019 and 2018 to compare the 3 years' data can be retrieved from the company website.

## Attachment 3

## Details of the Internal Audit Supervisor and the Company's Compliance Supervisor

Name-Surname / Position	Educational Qualifications / Diplomas / Certificates	Work Experience	
		Period	Position / Company
P&L Internal Audit Company Limited	- Bachelor's Degree of Accounting in Accountancy, Dhurakij Pundit University - Internal Auditing Certificate Program - IACP from Federation of Accounting Professions (FAP) - Certified Professional Internal Audit of Thailand (CPIAT)	2006 – Present	Head of Internal Audit Division, Listed Companies and will be listed in the Stock Exchange Thailand / P&L Internal Audit Company Limited
Ms. Wanwimon Jongsureyaphas			
Internal Audit Supervisor			

## Attachment 4

### Assets used in business operations

- Details of assets used in business operation

As of December 31, 2019 and December 31, 2020, the Company had assets used in business operations, with details as follows:

#### 1. Fixed Assets / Right-of-Use Assets

Details of assets	Nature of usage	Net book value as of December 31, 2019 (THB million)	Net book value as of December 31, 2020 (THB million)	Title of Ownership	Leverage / Guarantee limit
1. Land 1.1 Title Deed No. 41088, Ladyao subdistrict Chatuchak district, Bangkok 10900, area 399 sq.w..	Location of Office building	42.22	42.22	Ownership	Being used for mortgage to secure loan from a commercial bank, amount of THB 310 million
2. Office equipment	Being used in the office for the Company's business operations	4.67	6.23	Ownership	None
3. Office decoration items	Being used in the office for the Company's business operations	0.88	5.17	Ownership	None
4. Vehicles	Being used in the office for the Company's business operations	12.30	-	Hire purchase contract	None
		0.16	0.06	Ownership	None
5. Rights to use - Vehicles	Being used in the office for the Company's business operations	-	16.84	Hire purchase contract	None
6. Work under construction 6.1 Equipment during installation	Will be used in the office	2.24	4.51	Ownership	None
7. Building	Office for the Company's business operations	67.33	65.64	Ownership	Used for mortgage to secure loan from a commercial bank

Details of assets	Nature of usage	Net book value as of December 31, 2019 (THB million)	Net book value as of December 31, 2020 (THB million)	Title of Ownership	Leverage / Guarantee limit
8. Office renovation	Being used in the office for the Company's business operations	13.76	18.30	Ownership	None
9. Land enhancement	Being used in the office for the Company's business operations	1.57	4.10	Ownership	None
Total property, building and equipment - Net		145.13	163.07		

## 2. Intangible assets

Details of assets	Nature of usage	Net book value as of December 31, 2019 (THB million)	Net book value as of December 31, 2020 (THB million)	Title of Ownership	Leverage / Guarantee limit
1. Computer program	Using as a program for business operation	0.28	0.24	Ownership	None
Total intangible assets		0.28	0.24		

## 3. Office building lease agreement

Office building	Counterparty	Contract	Rental period	Details
Employee's lodging (renting a 2-storey commercial building, Chonburi province)	Ms. Kanyarat Wirakankam	a contract for renting a 2-storey commercial building	12 months Jul 1, 2020 to Jun 30, 2021	<u>Rental property:</u> 2-storey commercial building <u>Rental rate:</u> rental fee THB 6,300/month <u>Renewal conditions:</u> The Company has to give notice at least 30 days before the contract expiration date.



## Attachment 5

### Corporate governance policy, guidelines, and code of conduct

#### Good Corporate Governance Policy



Throughout the years of operation, The Board of Directors of The Practical Solution Public Company Limited (“Company”) has complied with the laws, objectives, regulations and shareholders’ resolutions, while also adhered and operated in accordance to The Principles of Good Corporate Governance of Listed Companies 2012, set forth by Stock Exchange of Thailand (“SET”) guideline; and Corporate Governance Code for Listed Companies 2017, set forth by The Securities and Exchange Commission Office, (“SEC Office”) guideline. These guidelines steer the Company towards efficient operation, and transparency for investors, which will build up third party’s confidence on Company operation. The Company’s Good Corporate Governance Policy covers 5 principle categories as follows:

#### SECTION 1 The Rights of Shareholders

The Company realizes and places importance on the fundamental rights of the shareholders, both in the position of securities investors and company owners, such as the rights to trade and transfer their securities holdings, receive the Company’s profit distribution, receive the Company’s information sufficiently; decide on the Company’s important matters namely the appointment or removal of directors, appointment of auditors, approval of importance transactions that will affect the directions of the Company or Company’s operation, e.g., payment of dividend, addition or amendment of Company’s Memorandum Of Association and Articles of Association, increase or decrease of capital of the Company, and approval on special transactions, etc.

Accordingly, the Company has an obligation to encourage and facilitate the exercise of shareholders’ rights as follows:

- (1) Inform the information about date, time, location, and agendas of the meetings, by providing the declaration and reason for each agenda or resolution in the meeting invitation letter for the general meetings and extraordinary general meetings of shareholders or in the attachment of the agendas. The Company will also refrain from committing any action that will restrict the shareholders’ chance to study the Company’s information.
- (2) Facilitate all kind of shareholders to exercise the right to attend the meetings and vote without any exception, and refrain from committing any action that will limit shareholders’ opportunity to attend the meetings such as select the shareholder meeting venue that is convenient to commute to, attach the map of aforementioned venue within the meeting invitation letter, and

schedule the date, time and duration of the meeting appropriately and adequately. The meetings for voting shall also not have complicated procedures nor cost too excessively.

- (3) Before the date of the shareholder meetings, the Company will provide an opportunity to submit opinions, suggestions or questions in advance prior to the date of meetings, by setting the clear procedures for submitting inquiries ahead of the meeting time, and informing the shareholders about aforementioned procedures through the attachment with the meeting invitation letter. The Company will then publish it on the Company's website.
- (4) Encourage shareholders to give a proxy using the Proxy Form that shareholders can stipulate the direction of their voting, and nominate at least one independent director as an alternative proxy for shareholders.
- (5) To proceed with the shareholder meetings, the chairman of the meeting shall schedule the time adequately; and the Company will provide an opportunity for shareholders to freely express opinions, suggestions or raise the questions on each relevant agendas before the vote of any agenda.
- (6) Encourage every director and executive to attend the shareholder meetings to provide answers to the shareholders.
- (7) Hold the voting separately for each of the shareholder resolution, in case that there are several pending resolutions within such agenda, i.e. an appointment of director.
- (8) The Company will encourage the use of ballot casting in case of important agendas such as Related Parties Transaction (RPT), acquisition or disposition of assets, etc., for transparency and traceability of vote counting.
- (9) The Company will provide an independent person to help with vote counting or vote verification on each agenda, announce the result to the meetings, and record into the minute of the meeting.
- (10) After the shareholder meetings adjourn, the Company will summarize the minutes that will record significant matters accurately and completely, and include important questions, opinions and suggestions into aforementioned minutes in which shareholders can review. Moreover, the Company will publish the vote count for each agenda, along with the minutes of the meetings on the Company's website for shareholders to consider.
- (11) The Company will send the copy of minutes of the shareholder meetings to SET within 14 days from the date of such meeting.
- (12) Encourage the Company to utilize technology into the process of the shareholder meeting including the registration of shareholders, the vote counting and displaying, so the meetings will proceed timely, correctly and accurately.

## SECTION 2 The Equitable Treatment of Shareholders

The Company requires the equitable treatment of all shareholders, whether they are majority or minority shareholders, executive or non-executive shareholders, Thai nationals or foreign shareholders. By following these guidelines:

- (1) Send the shareholder meeting invitation letter, which includes the agendas and Board of Directors' opinions, to SET; and announce the meeting agenda through the Company's website in accordance with relevant guidelines, rules, and laws.
- (2) Set the guidelines and procedures for minority shareholders to nominate the qualification person to be a director by nominating the person through the Nomination and Remuneration Committee (NRC) in advance prior to the shareholder meeting date; and publishing about supporting information, candidates' qualifications and their consent.
- (3) Set the clear guidelines for minority shareholders to propose the agenda in advance prior to the shareholder meeting date, for the fair and transparent consideration regarding whether to add such agenda.
- (4) Executive shareholders shall not propose the agenda without prior notification unless necessary, especially the important agenda that shareholders need to spend a good deal of time to study the information before making a decision.
- (5) In each shareholder meeting, the Company will provide opportunity for every shareholder equally. Prior to the start of the meeting, the chairman of the meeting will inform shareholders about the meeting rules, the vote casting procedures, the right to cast the vote according to each type of shares, and the shareholder vote counting procedures for each agenda.
- (6) On the election of director agenda, the Company will encourage the election of individual nominees.
- (7) Require directors who have conflicts of interest in any meeting agenda to report about their conflicts of interest regarding each agenda item at least before consideration of such agenda and record the conflicts into the minutes of such meeting. Moreover, the directors who have significant conflicts of interest shall abstain from freely participating in the discussion on that particular agenda item.
- (8) Establish the written guidelines for the safeguard and protection against abuse of inside information and communicate them to everyone in the company to comply. Every director and executive shall regularly submit to the Board a report on their ownership of the securities holding stipulated by law through the Company secretary so this information will be disclosed during the next board meeting and in the Company's annual report.

## SECTOR 3 The Role of Interested Persons

The Company places importance on the rights of all groups of stakeholders, whether inside stakeholders such as shareholders and Company's employees, or outside stakeholders such as business partners and customers, etc. The Company realizes that the supports and opinions from all groups of stakeholders will benefit the Company's operation and business development. Therefore, the Company shall comply with the relevant law and rules, and establish the policy to treat each group of stakeholders in consideration of the rights of stakeholders in accordance with the law or agreement that they have with the Company, and shall not do anything that will violate such rights.

Additionally, the Company takes the rights of all stakeholders into the consideration by establishing the business conduct that directors, executives and employees of the Company will adhere to when acting on behalf of the Company, as follows:

- |                          |   |  |
|--------------------------|---|--|
| <b>Shareholders</b>      | : | The Company shall operate with transparency and efficiency to create sustainable value, by striving for good result and steady growth, for the long-term maximum benefits of shareholders; also disclose information to shareholders with transparency and trustworthiness.  |
| <b>Employees</b>         | : | The Company shall treat every employee with equity, fairness and appropriate remuneration. Furthermore, the Company places importance on regular employees' skills, knowledge and aptitude development such as training, seminar, and workshop by providing every employee with an opportunity on an equitable basis, and motivating highly educated and competent employees to stay with the Company to develop the organization further. The Company also sets out the anti-corruption guidelines, and cultivate every employee to comply with the relevant laws and regulations such as the restriction on the use of insider information, etc. |
| <b>Business partners</b> | : | The Company has established procedures for business partner procurement by letting business partners compete on equitable information and selecting the business partner fairly, under the Company's rules for evaluation and procurement. Moreover, the Company uses the appropriate and fair contract format and utilizes the tracking system to ensure the complete compliance of contractual conditions, and prevent the corruption and misconduct in every procedure of procurement. The Company will enter into the transaction under the general commercial terms, and will strictly abide by the contract with business partners.          |
| <b>Customers</b>         | : | The Company takes responsibility towards customers by maintaining the quality and standard of products and services, fully and comprehensively satisfying the customer demands as much as possible, so this will procure the customers' long-term satisfaction. The Company takes into the consideration on providing  |

customers the accurate and complete information; and provide service channels to support customers in which the customers can report about the inappropriate products and services so the Company can prevent and solve the problems regarding its products and services quickly. The Company will keep the customers data confidential and will not use it to gain benefit for the Company or others improperly.

- Creditors** : The Company shall honor the terms and conditions of the contracts it has with its creditors including repayment of principal and interest, and maintenance of guarantees under the related contracts.
- Competitors** : The Company operates under the good, ethical and lawful competition framework, and encourages and supports free and fair competition.
- Community and society** : The Company pays attention and places importance on the safety of society, environment and quality of life of people related to the Company operation. The Company encourages its employees to be conscious and responsible towards environment and community. The Company strictly implements the relevant laws and regulations, and tries to participate in various activities to procreate and preserve the environment, society, along with the local traditions within the areas that the Company operates.

Furthermore, stakeholders can inquire for details, file the complaints, or report the clues about the illegal acts, inaccuracy of financial report, impairment of the internal control system, or the Company's unethical misconduct as stated above, via the designated channels. The complaints and clues reported to the Company will be confidential. The Company shall appoint the person to conduct investigation and provide the solution (if available), and/or consider submitting the important complaints for the Board's opinions respectively.

## SECTOR 4 Disclosure and Transparency

The Company places importance to the accurate, complete, prompt, and transparent disclosure of significant information relevant to the Company, under the guidelines stipulated by SEC Office and SET. The information includes both the financial and non-financial information and along with other information that may affect the price of the Company's securities, which influences the investors and stakeholders' decision-making. The Company shall process such information as follows:

- (1) Establish the mechanism that ensures the accuracy, clarity, and sufficiency of information disclosed to investors for their decision-making.
- (2) Designate the Investor Relations officers to communicate with investors or shareholders. The Company will publish its information, financial information and general information of the Company for shareholders, securities analysts, credit rating agencies, and relevant agencies, through

these channels, i.e. the report to SEC and SET, and the Company's website. In addition, the Company also places the importance on regular disclosure of information so the shareholders will receive news through the Company's website, which is always up-to-date. The information includes but not limited to vision, mission of the company, financial statements, press releases, annual reports, shareholder meetings invitation letter, corporate structure, List of members of the Board, shareholding structure, and list of major shareholders.

- (3) Encourage the Company to make a Management Discussion and Analysis (MD&A) for each quarterly financial statement, to help investors better understand changes in the company's financial status and performance each quarter, not just be presented with the figures by themselves.
- (4) Disclose the roles and responsibilities of the Board and its committees, the number of meetings held, attendance record of each director, and the results of tasks assigned, including ongoing professional education or training of its directors, in the annual report.
- (5) Disclosure, in accordance with relevant regulations, the remuneration of directors, committees, and executive director/chairman of the executives, both the form and type of payment, the amounts of payment of each person, including the payment from each subsidiary to each person.
- (6) Disclose the audit and non-audit fees.
- (7) In addition to disclosing information as specified in regulations through the SET, annual statements (Form 56-1), and annual reports, the Board shall consider to disclose information via other channels, such as the Company's website, by presenting with the most up-to-date information.
- (8) Directors and executives must report their conflict of interest or of those related persons who have conflict of interest towards the operation and management of the Company or its subsidiary companies, according to SEC's Capital Market Supervisory Board ("CMSB") guidelines and procedures. The elected directors and executives must report their conflict of interest and other persons within 7 days from the date of appointment. In case, there are changes to their conflict of interest or conflict of interest of other persons, directors and executives must report to the Company within 3 days from the date of changes of conflict of interest; the Company will report aforementioned conflict of interest to the Board meeting to consider and acknowledge within the next meeting.

## SECTOR 5 Responsibilities of the Board of Directors

### 1. Composition of the Board of Directors and sub-committees

The Board of Directors of the Company comprised of a group that provide a diversity of attributes, as in knowledge, skills, and prior working experience that can be beneficial to the Company. The Board holds important role in the policymaking and overview of the organization, along with significant role on governance, inspection and evaluation of the Company operation, in accordance with the designated plans.

The Board consists of at least 5 but no more than 12 directors. There must be at least one-third of the total number of the Board directors, but no less than 3 directors, shall be the independent directors; this will provide the checks and balances system for appropriate consideration and the vote casting towards each topic. Each independent director must have qualification as specific by the announcement of CMSB, SET rules, and including other relevant guidelines, rules, and laws.

The Board of Directors shall hold the terms of service for no more than 3 years on each term, in according to relevant law. The independent directors shall hold the terms of service continuously for no longer than 9 years, unless there are reason and necessity the Board deemed appropriate. Directors and executives can also hold the director or executive position of subsidiary company or other company but must comply with the SEC Office, The Board of Securities and Exchange Commission ("SEC Board"), CMSB, and SET requirements; by informing to the Board meeting or shareholder meeting (as the case maybe) before the appointment resolution. However, each director can only hold directorship of no more than 5 registered companies.

Furthermore, the Board shall appoint sub-committees to help with the governance of the Company operation as follows:

- (1) The Executive Committee consists of at least 4 executive directors, is responsible for supporting the Board on the Company's management, ensuring that the Company operation will comply with policies, plans, regulations, other orders, and including the goals, under the framework established by the Board.
- (2) The Audit Committee consists of at least 3 audit directors, is responsible for supporting the work of the Board on the Company's governance and inspection of the management, internal control, and compliance with the relevant laws; also in charge of financial statements, for transparent and reliable operation and information disclosure.
- (3) The Nomination and Remuneration Committee consists of at least 3 nomination and remuneration directors, is responsible for nominating qualified candidates to be the board directors, sub-committee directors, and executive director/chief executive officer of the Company; setting

the criteria and the form of payment to the board directors, sub-committee directors, and executive director/chief executive officer, then presenting the results to the board meeting and/or shareholder meeting to consider and approve (as the case maybe).

- (4) The Risk Management Committee consists of at least 3 risk management directors, is responsible for supporting the work of the Board on the Company's adequate, sufficient, efficient and effective risk management policymaking, and ensuring the Company is equipped with risk management system or procedures that is of acceptable level.

Additionally, there shall be the Company Secretary who is responsible for operating on the Board meeting and shareholder meeting, also supporting the work of the Board by giving consultant on the rules under the laws and regulations relating to the Board's performances and duties.

## 2. Roles, duties and responsibilities of the Board of Directors

The Board has responsibilities towards shareholders regarding the operation of the Company; has duties to set the policies and directions of the Company's operation, and governs the management towards the prescribed goals, objectives, visions, strategies, and directions of the operation, for the long-term utmost benefits of shareholders while operating under the rules of laws and the business ethics. Meanwhile, the Board shall also take benefits of all stakeholders into the consideration, in accordance with the Board of Director charters.

### (1) Policy relating to the good corporate governance

The Company has prepared a written good corporate governance policy and the Board meeting had already approved the aforementioned policy. This corporate governance aims to be the guidelines for the Company's directors, executives and employees to operate in correspond to the aforementioned policy. The Company will review the policy annually.

### (2) Code of Business Conduct

The Company aims to conduct the business in transparent, virtuous, and responsible manners for the benefits of the stakeholders, society and environment. Thus, the Company has established a written code of business conduct, which already got an approval from the Board. The Company's directors, executives and employees will be subjected to operate under these rigorous business ethical standards as follows:

- (a) Accountability to shareholders.
- (b) Responsibility towards employees.
- (c) Relations with business partners, business competitors and business creditors.
- (d) Customer relations.



- (e) Responsibility towards the public and the society.

In order to promote the complete compliance, the Company will advocate, inform and instruct every employee throughout the organization to understand and strictly comply with the aforementioned code.

**(3) Conflicts of Interest Prevention**

The Company thoroughly sets the policy relating to conflicts of interest prevention, based on the honesty, rationality, independency, and good morality, for the Company's best interest. Therefore, persons who have vested interests in, or related to, a given transaction must reveal the information about their conflicts of interest or others' to the Company, and must not participate in decision-making process, and including the approval, of such transaction.

The Company has the policy regarding the connected transaction and the prevention of conflicts of interest, which are in line with the laws and along with the regulations of SEC Office, SEC Board, CMSB, and SET. In addition, the Company will also disclose such transaction in the annual report and annual statements (Form 56-1).

**(4) Internal Control**

The Board established an internal control system for governing and controlling the efficient operation at both executive and operational level. The Company appointed the Company's Internal Control department to assess the adequacy of the internal control system and to report to the Audit Committee in accordance with the designated plans.

**(5) Risk Management**

The Company had established the governance and procedures towards a risk management to reduce the risk affecting the business appropriately. The Risk Management Committee will propose the comprehensive internal and external risk management policy that corresponds with the Company's strategies and directions, and present the result to the Board for the approval.

**(6) Governance of Subsidiaries and Associates Operation**

The Company will consider assigning the qualified and experienced representatives, which are suitable with the businesses the Company has invested with, to be the directors of subsidiaries and associates of the Company, for governing the subsidiaries and associates and reporting the performances of the subsidiaries and associates to the Board meeting.

**(7) Whistleblowing**

The Board set up the complaint and investigation mechanism in case of whistleblowing towards the unlawful conducts, incorrect financial transactions, deficiency in internal control, or the Company's business misconduct, which can submit such complaints via designated channels. All complaints and clues submitted to the Company will maintain confidential, and proceed to investigation and solution (if available) by the Company's assigned persons, and/or present the findings and opinions of the significant cases to the Board meeting for consideration.

**(8) The Board of Directors Report**

The Audit Committee is responsible for auditing the financial reports by holding the joint meeting between the committee, account department and auditors, and presenting the result as a financial report to the Board quarterly. The Board is responsible for the financial statements of the subsidiaries and associates, including the financial information that appears in the annual reports.

**3. The Board of Directors Principle**

**Principle 1: Be aware of its leadership roles and responsibilities in the creation of the Company's sustainable prosperity.**

The Board shall recognize its roles and responsibilities as leaders of the Company that needs to govern for the better management of organization; and govern the Company's operations into creating added value which will lead towards the corporate sustainability.

**Principle 2: Define the Company's objectives to ensure sustainability.**

The Board shall define or oversee that the Company's objectives and goals will promote the Company's sustainability. The objectives and goals shall correspond with the value creation for the Company itself, its customers, stakeholders, and society.

**Principle 3: Strengthen the Board's effectiveness.**

The Board shall be responsible for determining and reviewing its own structure, in terms of the size, composition and number of independent directors that is adequate and necessary to bring about the achievement of the Company's objectives and goals. Moreover, the Company should govern over the nomination and qualifying procedures of directors, in which these procedures shall be transparent and apparent, so the Board would be sufficiently qualified.

**Principle 4: Nominate and develop senior executive officers and human resource management.**

The Board shall apply the good governance principle for the nomination and development of human resources, making certain that they possess the adequate knowledge, skills, experience, and motivation, and create the succession plan the prepare for the succession of the current executive director/chief executive officer. In addition, the Board shall govern over the remunerations and the evaluation of the Company's operation.

**Principle 5: Nurture innovations and responsible business practices.**

The Board shall place importance on encouraging innovations that create value for the business together with benefits for its customers, other stakeholders, society, and the environment. In addition, the Board shall monitor that resources are efficiently and effectively managed with due regard to the impact of such management and to resource development, to achieve the Company's the objectives and goals sustainably.

**Principle 6: Provide an adequate system of risk management and internal control.**

The Board shall ensure that the Company has effective and appropriate risk management and internal control systems that comply with applicable laws and standards

Moreover, the Board shall manage and monitor conflicts of interest that might occur among the Company, directors, management, and shareholders, including the preventive measure for the inappropriate use of corporate assets, information, and opportunities, as well as inappropriate connected transactions by related parties.

**Principle 7: Ensure reliable financial integrity and information disclosure.**

The Board shall ensure the integrity of the Company's financial reporting system and that timely and accurate disclosure of the Company's information is consistent with relevant rules, standards and guidelines.

Furthermore, The Board shall monitor the Company's financial liquidity and solvency, and ensure that the Company has a mitigation mechanism in place to resolve the financial difficulties.

**Principle 8: Encourage engagement and communication with shareholders.**

The Board shall afford shareholders the opportunity to participate in the decision-making process involving significant corporate matters.

**4. Board meetings and Board self-assessment**

The Company shall hold the Board meetings at least every quarter, and hold the extra meetings as needed. The Board shall set the agenda in advance and dedicate the agenda to monitor the Company's performance regularly. The Company shall send the invitation letter along with the meeting agenda and

supporting documents to every director in advance for at least 7 days before the date of meeting, so the directors shall have sufficient time to study the information. Unless there is urgent matter, to preserve the utmost rights and benefits of the shareholders, shall inform of the meeting via other means or reschedule the meeting to the earlier date. In this case, the Company shall record the minutes and gather the approved documents for references and traceability. There shall be executives and relevant person attend the meetings for providing information and details for the accurate and timely decisions.

The resolution of the meeting will take into account the majority of votes, with one director having one vote. Each director with vested interest(s) in any agenda item must abstain from voting on that item. If the number of votes is equal, the Chairman will cast the decisive vote.

Moreover, the Board self-assessment should be conducted at least once a year, to allow for adjustment of performance. A benchmark of the board's performance should be set in advance to gather the opinions and present them to the meeting, including disclosure of rules, procedures, and overall performance result in the annual report.

## 5. Remuneration

Board remuneration should be comparable to the industry level in which the company operates, and reflect the experience, obligations, scope of work, accountability and responsibilities and contributions of each director. Members who are assigned to more tasks, such as committees, should be paid more.

In addition, the Company has appointed the Nomination and Remuneration Committee to consider the form and rules of the remuneration payment for the director and present to the shareholder meetings for approval.

## 6. Board and management training

The Board has the policy to encourage and facilitate training for all internal parties related to corporate governance such as directors, members of the audit committee, executives, company secretary, etc. Training will enable them to continuously improve their performance, and can be either internal or external training.

In case of changing the director or new directors, the administration shall provide all documents and information useful to perform their duties, including an introduction to the nature of the business and the operations of the company.

The Board may rotate the job assignment according to the expertise of the executives and employees, based on the suitability of duty and time. The managing director/chief executive officer may schedule and appraise such performance for creating the Company's succession plan, thus, this will develop the executives and employees to be professional and gain experiences enough to take over the duties later.



## Code of Conduct

The Practical Solution Public Company Limited (“Company”) established the Code of Conduct for the directors, executives and employees to comply as the representatives of the Company as follows:

1. **Shareholders** : The Company shall operate with transparency and efficiency to create sustainable value, by striving for good result and steady growth, for the long-term maximum benefits of shareholders; also disclose information to shareholders with transparency and trustworthiness.
2. **Employees** : The Company shall treat every employee with equity, fairness and appropriate remuneration. Furthermore, the Company places importance on regular employees' skills, knowledge and aptitude development such as training, seminar, and workshop by providing every employee with an opportunity on an equitable basis, and motivating highly educated and competent employees to stay with the Company to develop the organization further. The Company also sets out the anti-corruption guidelines, and cultivate every employee to comply with the relevant laws and regulations such as the restriction on the use of insider information, etc.
3. **Business partners** : The Company has established procedures for business partner procurement by letting business partners compete on equitable information and selecting the business partner fairly, under the Company's rules for evaluation and procurement. Moreover, the Company uses the appropriate and fair contract format and utilizes the tracking system to ensure the complete compliance of contractual conditions, and prevent the corruption and misconduct in every procedure of procurement. The Company will enter into the transaction under the general commercial terms, and will strictly abide by the contract with business partners.
4. **Customers** : The Company takes responsibility towards customers by maintaining the quality and standard of products and services, fully and comprehensively satisfying the customer demands as much as possible, so this will procure the customers' long-term satisfaction. The Company takes into the consideration on providing customers the accurate and complete information; and provide service channels to support customers in which the customers can report

about the inappropriate products and services so the Company can prevent and solve the problems regarding its products and services quickly. The Company will keep the customers data confidential and will not use it to gain benefit for the Company or others improperly.

5. **Creditors** : The Company shall honor the terms and conditions of the contracts it has with its creditors including repayment of principal and interest, and maintenance of guarantees under the related contracts.
6. **Competitors** : The Company operates under the good, ethical and lawful competition framework, and encourages and supports free and fair competition.
7. **Community and society** : The Company pays attention and places importance on the safety of society, environment and quality of life of people related to the Company operation. The Company encourages its employees to be conscious and responsible towards environment and community. The Company strictly implements the relevant laws and regulations, and tries to participate in various activities to procreate and preserve the environment, society, along with the local traditions within the areas that the Company operates.

## Attachment 6

### Report of the Audit Committee

The Audit Committee performed the duties in accordance with the scope of duties and responsibilities assigned by the Board of Directors (BoD) to regulate and supervise the Company's operations to ensure that the Executive Committee and management have carried out such duties relating to stakeholders, with integrity and responsibility, and have managed the business in accordance with the Company's policies.

In 2020, the Audit Committee held 6 meetings with the management, the internal auditor, and the auditor in order to monitor the progress of the operations as recommended by the auditors. The Audit Committee has reported the results of their duties and recommendations to the Board of Directors/BoD quarterly. The essence of the performance can be summarized as follows:

1. Considered the quarterly and annual financial statements before presenting to the Board of Directors' meetings. The Audit Committee has questioned and listened to the explanations from the management and the auditors concerning the accuracy and completeness of the financial statements as well as the adequacy of disclosure, events after the disclosure period, and accounting adjustments that have significant impact on the financial statements to ensure that the financial statements were accurate in accordance with the regulations and standards of accounting principles, and that the accounting system and financial statements are accurate and reliable. In addition, the financial statements must also be accurate and reliable, with adequate and timely for the benefit of the investors and the users of financial statements.

2. In reviewing the assessment of the internal control system, the Audit Committee reviewed and gave opinions on the internal audit report 2020, by discussing with the management, and/or reviewing the documents and the assessment form from the management. It can be concluded that after conducting the assessment of the Company's internal control system in various aspects: the internal control, risk assessment, operations control of information system, and data communication & tracking system, the Audit Committee viewed that the Company's internal control system is sufficient and appropriate, with suitable risk management for the business condition. The Company has provided sufficient personnel to implement the set system efficiently, was able to protect the Company's assets from misusing and unauthorized actions from the directors or executives including transactions with persons who may have conflict of interest and related persons.

3. Placed importance on the consideration and approval process procedure of the transactions that may have conflict of interest, in compliance with regulatory requirements and good corporate governance principles which are correct, reasonable with normal business conditions and are of the best interest to the Company and stakeholders.

4. At each meeting, the Audit Committee reviewed and gave opinions regarding compliance with the laws of the securities and stock exchange, the regulations of The Stock Exchange of Thailand, or other laws applicable to the Company's business. The results of the review of the Company's operations for the

year 2020 showed no significant issues regarding non-compliance with the laws of the securities and stock exchange, the regulations of The Stock Exchange of Thailand, or other laws relevant to the Company's business.

5. The Audit Committee has considered the results of the 2020 internal audit performance of P&L Internal Audit Co., Ltd., serving as the Company's internal auditors and viewed that such company was able to perform the auditing work with good results, with no significant indications of fraud or deficiencies in internal control found. Such company is independent and has provided useful recommendations for internal control in order to govern the business and has proposed suitable audit compensation fee. It is therefore deemed appropriate to appoint P&L Internal Audit Co., Ltd. to act as the Company's internal auditor for the year 2021.

6. The Audit Committee has considered, selected, proposed the appointment, and proposed the remuneration of the Auditor for the year 2021 to be presented to the Board of Directors for approval from the Annual General Meeting of shareholders for the year 2021. The Audit Committee has considered the performance, independence, and the appropriateness of the remuneration. It was deemed appropriate to propose to appoint Mr. Peeradech Phongsathiensak, Certified Public Accountant No. 4752, or Ms. Soraya Tintasuwan, Certified Public Accountant No. 8658, or Ms. Sulalit Atsawang, Certified Public Accountant No. 7517, on behalf of Dharmniti Auditing Co., Ltd., as the Company's Auditor for the year 2020 due to:

- Having good standard of work with expertise in auditing, and has performed very well continuously
- • Providing good advice and consultation on new accounting standards with clear details and having proposed the audit fee for the year 2021 in the amount of THB 980,000 (nine hundred and eighty thousand baht).
- (Auditing office and the auditors listed above) Having no relationship or conflict of interest with the Company, the management, major shareholders, or those related to such persons. Therefore, they are independent in auditing and expressing opinions on the Company's financial statements.

7. The Audit Committee has performed its duties in accordance with the scope of authority specified for the role of the audit committee in accordance with the law on securities and exchange, and regulations of The Stock Exchange of Thailand.

The Audit Committee is of the opinion that the Company's operating results for the year ended 31 December 31, 2020 have been performed under the proper internal control system and appropriate internal audit process. The financial reports are accurate, complete, and reliable. The risk management is suitable for the business conditions, and the practice is in compliance with the laws, rules, and regulations related to the Company's business. In addition, the information disclosure to regulatory institutions are accurate. The performance is in line with good corporate governance system sufficiently, with transparency and reliability.



(Mr. Wuttichai Chartisaranuwat)

Chairman of the Audit Committee





# ▶▶▶ PASSION TO YOUR SUCCESS



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