Risk Management Policy and Plans

Currently, the environment is changing rapidly, bringing about risks, challenges, and numerous business opportunities for the Company. The Company acknowledges that effective risk management across the organization will drive the ability to navigate these changes, tackle challenges, and capitalize on business prospects. The Company is confident that by managing risks adeptly, the Company can be steered towards achieving its objectives, sustaining growth, even amidst evolving circumstances.

The Company is utilizing the COSO ERM 2013 (COSO Enterprise Risk Management Framework) as a guideline for risk management throughout the organization. Additionally, the Company in the process of studying the COSO ERM 2017 framework to prepare for its adoption, replacing the COSO ERM 2013 framework. Our approach includes:

1) Establishing a governance structure with a Risk Management Committee, consisting of Managing Director as Head of Committee, and including Management and department managers as members. This committee is responsible for overseeing, controlling, and monitoring the organization's risk management activities, reporting directly to the Risk Management Committee for subsequent reporting to the Board of Directors. Furthermore, the Company promotes risk awareness among board members and executives, fostering a sustainable risk management culture throughout the organization, ensuring that all units and employees have the knowledge and understanding of risk management and the established risk management plans.
2) Defining risk management strategies, identifying, assessing, and prioritizing risks across various domains, including organizational development, for sustained growth.
3) Formulating risk management policies that address various risk issues, including those related to organizational development, ensuring continuous organizational improvement.
4) Establishing risk management processes, starting with building contextual understanding and strategies for conducting business, including the organization's risk management processes, and regularly reviewing and improving risk issues across various domains, including organizational development, for sustained organizational growth.
5) Communicating and disclosing organizational development-related risk issues consistently.

Risk Factors for the Company's Business Operations

1) Strategic Risk

Risk from Changing in Business Model of Vendors

The manufacturer may adjust the business model in response to rapid environmental changes. Such changes may affect sales channels and consumer demand, consequently impacting on the Company's core business operations as a distributor. Risk management in this regard can be summarized as follows:

- Adding value through service provision, offering consulting solutions to customers alongside product sales.
- Expanding business related to computer center technology and network security technology due to the continuous growth and changing nature of this sector, which demands technical expertise to support sales.
- Diversifying into industrial-level technology (Operation Technology), requiring specialized technical expertise for consultation.
- Enhancing business diversity by investing in Cloud services and introducing services to the market since 2021. Currently, with over 970 users, there is a promising growth trend.
- Increasing product variety, with sales from the top manufacturers comprising 17% of total sales in 2023. The Company believes this percentage can be further reduced by continuously introducing new product types for distribution.

2) Operational Risk

Risk from Technology Changes which affect inventories

The rapid pace of technological advancements has led to fluctuations in the inventory of IT products and technologies for the Company. Additionally, intermittent shortages of IT components further compound the risks associated with inventory management. This situation poses a risk to the ability to effectively manage our products and may result in obsolescence occurring more rapidly than in the past, ultimately impacting the Company's profitability. To address this risk, the Company has conducted evaluations and devised strategies, summarizing as follows:

- **Establish acceptable levels of inventory and oversee to ensure its specified levels.** The Company policy dictates that inventory be kept within a range of 30 to 60 days, depending on the product category. Once products are sold and sales data is available, inventory will be reduced to a 30-day level. For new products with unclear demand, the Company can maintain inventory for up to 60 days. Additionally, there is a tracking and reporting system in place to address issues promptly when significant technological changes occur.
- **Appoint dedicated Product Managers to oversee specific products.** The Company assigns Product Managers to oversee products from each vendor, responsible for procurement, inventory management, and sales promotion. This ensures specialized knowledge and expertise in each vendor's products, allowing for swift problem resolution. The Company considers product management crucial in evaluating the performance of product management executives.
- **Implement accurate, reliable, and timely information systems.** The Company has invested in SAP ECC6 inventory management and ThoughtSpot systems, alongside notification systems that compile data on aged inventory. Each Product Manager records guidelines for issue resolution, ensuring that all employees and stakeholders have access to accurate inventory information at all times.
- **Conduct operational oversight audits under the Company's management.** Monthly meetings are held to review overall inventory value and product age with Product Managers, enabling the Company to identify trends and swiftly implement risk management plans. This not only reduces the likelihood and impact of risks but also fosters a company culture that prioritizes inventory management.

Risk from Competition and Low Gross Profit Margin

In the computer equipment distribution industry, characterized by its large scale and high competition, rivals often employ low pricing as a primary strategy. This leads to the necessity of reducing product prices to remain competitive, resulting in lower initial profits and potential impacts on the Company operations. To manage this risk, the Company has implemented the following strategies:

- Increase product diversification by expanding the variety of product types offered, the Company mitigates the impact of price competition, as it may affect only certain product categories. Other product types serve as a blend to reduce overall profit impacts.
- Develop and promote sales of niche market products that yield good profits and face minimal competition helps balance overall profitability.
- Continuously expanding the customer base. The Company currently serves over 10,000 customers, with continuous growth each year.
- Implement a Business Unit management structure to allow different strategies in managing diverse product lines. In addition to units focusing on high-volume sales, there are value-added Business Units dedicated to distributing high-profit-margin products. These units offer products bundled with services to differentiate from price competition and reduce price-based competition.

Risk from Reliance on Human Resources

Dependence on personnel is considered a significant risk for the Company, given that employees are a crucial resource. The Company relies on a large number of specialized personnel to join the workforce. However, there is a shortage of IT professionals due to high demand across various industries. Therefore, the Company must adjust its operations to keep up with rapid technological changes. To manage this risk effectively, the Company has implemented the following strategies:

- Continuous training and development programs are provided to employees to enhance their skills and knowledge comprehensively.
- Employees are encouraged to adapt to different roles based on their abilities, and internal candidates are considered for vacant positions before recruiting externally.
- Appropriate compensation packages are established to align with employees' capabilities, which may vary over time.
- Sales and marketing functions are separated to ensure that all customers are contacted through two distinct departments: sales and marketing.
- Information systems such as SAP ECC6 ERP and Lotus Notes Electronic Workflow are utilized to streamline operations, improve efficiency, accuracy, and provide error alerts, thereby reducing dependence on individual employees.
- Management structure is decentralized, with responsibilities distributed among multiple managers who possess similar abilities and can substitute for each other at various levels. These measures collectively help mitigate reliance on any single individual employee.

Risk from Reputation and Image Perception

The influence of online media enables information and news to spread rapidly and widely. In cases where negative discussions about the Company arise, such information can be disseminated and exchanged among consumers quickly, impacting the reputation and image of the Company. Therefore, the Company manages this risk by:

- Establish a dedicated unit to monitor social media channels daily.
- Implement policies and measures to manage negative news systematically.
- Engage Investor Relations unit as information providers to clarify and provide accurate and appropriate information.

3) Financial Risk

Risk of Foreign Currency Exchange

The Company has risk from foreign currency exchange as the Company has made partial purchases of goods paid in US dollars, while all products are sold domestically in Thai Baht. The Company mitigates the risk of exchange rate fluctuations by:

- Utilize forward contracts from financial institutions for at least 50% of the order value in USD for every purchase order.
- Receive and following recommendations from relevant financial institution departments regularly to determine the appropriate level of hedging, with flexibility for the party responsible for increasing hedging up to 100% to cover all risks.
- Negotiate with suppliers to settle product costs in currencies with lower volatility, such as the Chinese Yuan, or negotiating with suppliers to fix the price of goods in Thai Baht instead.

Credit Risk

The credit risk refers to the risk that customers may be unable to pay their debts to the Company, primarily because most of the Company's sales are credit sales, and customers are often unable to provide sufficient collateral to cover the entire debt. This risk is exacerbated by the fact that many of the Company's customers are small or new businesses with limited capital. Consequently, if there are issues with managing trade receivables and customers fail to make timely payments, it can impact on the Company's profitability and liquidity.

To manage credit risk, the Company implements the following strategies:

- Clear credit limit policies are established for customers.
- Stringent and appropriate credit assessment and analysis processes are in place.
- Policies for expediting the collection of outstanding debts are established, utilizing IT systems for effective debt control and monitoring.
- Credit control, Accounting, and Sales departments are segregated to ensure independent credit limit assessments, with checks and balances in place. Additionally, a Credit Committee is established to assess, analyze, and decide on credit limits, particularly in cases where different deparments have conflicting opinions.
- Partial credit insurance coverage is purchased to transfer risk and mitigate the impact of bad debts.
- Additional collateral is requested according to the Company's credit limit policy to minimize financial impacts when bad debts occur.

4) Occupation Health Risk

To ensure that all processes at the Company adhere to occupational health, regular assessments of occupational health risks are conducted by both department heads and human resources. The following guidelines for occupational health have been established:

- The workplace has been designed to ensure safety during work operations, providing assurance that the workspace is secure for employees. This includes measures covering aspects such as temperature levels, lighting, and noise, aiming to create a safe working environment.
- High-safety equipment is procured and utilized, along with various other devices to enhance safety during operations.
- Adequate and suitable first aid equipment is provided, and basic first aid training is conducted for relevant employees, with the provision of a first aid room.
- Regular cleaning of offices and shared equipment is performed, along with the provision of various disinfecting agents for employees.
- Emergency plans have been established to address incidents and disasters, along with training and drills to ensure understanding when various emergencies occur. For instance, simulating scenarios of fire outbreaks and training on fire extinguisher usage are regularly conducted.
- An incident reporting system is in place to raise awareness among employees regarding workplace safety and prevention measures.

5) Epidemic of Disease Risk

Amidst rapidly changing global environmental conditions, technology, and population behaviors, which may lead to the emergence and widespread outbreaks of new diseases such as COVID-19 in 2019 which has significantly impacted various sectors, including the public sector, businesses, and households. The Company has evaluated and developed the following risk management strategies to enable the Company to mitigate the impact when such risks arise.

- Establish Business Continuity Plans (BCP) to ensure seamless operations even if office-based work is not possible.

- Analyze and assess product demand during such situations to manage supply chain disruptions and distribution channels effectively.
- Establish specialized teams to monitor emergency regulations or laws enforced, enabling immediate adaptation of work processes.
- Establish rapid communication channels to communicate with employees, customers, and partners.
- Assess and acquire backup tools and equipment for emergency situations.
- Procure disease prevention tools and promote appropriate understanding of epidemic diseases among employees.
- Procure and monitor the administration of disease prevention vaccines to ensure all employees meet vaccination criteria.
- Monitor the situation of emerging infectious diseases closely to proactively identify measures for prevention in the event of the emergence of new diseases.

6) Laws, Regulations and Directives Compliance Risk

The risk associated with compliance with laws, regulations, and directives is significant due to the constant changes in relevant legal frameworks affecting the Company's business operations. These ongoing changes pose a risk of the Company failing to comply adequately, which could impact on its reputation, operations, and business opportunities. To address this risk, the Company has planned the following:

- Establish the Compliance Department to monitor and ensure adherence to relevant laws and regulations affecting the Company's business operations. This department will disseminate information to Management and employees to ensure compliance.
- Establish the Quality Assurance department tasked with verifying compliance with laws, regulations, and directives to ensure effective corporate governance oversight.
- Utilize technology to facilitate communication and presentation of information regarding laws, regulations, and directives to ensure stakeholders are informed and adhere to accordingly.

7) Fraud and Corruption Risk

The Company has recognized and assessed that the fraud and corruption risk poses a challenge to its sustainability, potentially impacting both financial and non-financial aspects such as profit, legal penalties, credibility, and reputation. In response, the Company has planned risk management in this area by:

- Establish the Anti-Corruption Policy and guidelines, along with communicate them to the directors, Management, and employees for awareness and implementation.
- Set the policy for selecting business partners, while also communicating these policies to partners for acknowledgment and compliance.
- Implement the appropriate internal controls, such as reviewing transactions by personnel from other units not responsible for payment approval and clearly defining authorization powers.
- Conduct the internal control process reviews quarterly, with the Quality Assurance department incorporating this into their annual audit plans.
- Provide channels for reporting and complaints from both internal and external sources, along with establishing systematic complaint handling processes.

8) Sustainability Risk

In the current landscape where various factors affect the sustainable growth of the Company, including economic, environmental, and societal factors, coupled with significant changes in the environment and diminishing natural resources, there is a risk of resource scarcity and human rights violations. This could potentially impact on the future value chain of the business. To address these risks, the Company has planned risk management strategies as follows:

- Establish policies, objectives, and strategies for sustainable management.
- Set guidelines for managing the impacts on stakeholders in the business value chain.
- Implement various projects to support sustainability management in all aspects, such as Green Procurement, Safe and Green Products initiatives, Green Logistics, installation of renewable energy sources (solar cells), sustainable seedling programs, and creating sustainable opportunities projects.
- Establish the Corporate Governance and Sustainability Committee to collaborate with the Risk Management Committee in managing sustainability risks.
- Provide channels for reporting and complaints both internally and externally, along with defining systematic complaint handling processes.
- Provide training sessions to ensure employees understand the importance of sustainability management in all dimensions.
- Participate in sustainability knowledge development program with the SET.

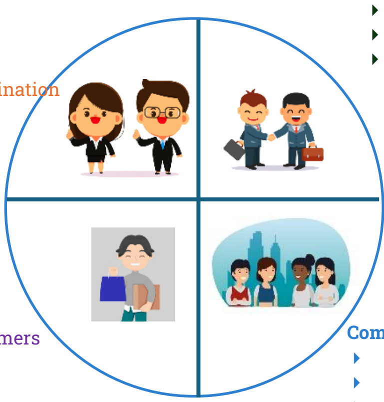
9) Human Rights Risk

Due to the potential occurrence of human rights violations throughout the supply chain, which may impact on the Company in various ways such as business interruptions, reputational damage, legal proceedings, and demoralization of employees, the Company places great importance on human rights. It mandates the management of human rights risks by implementing comprehensive measures that cover all stakeholders. Additionally, it establishes guidelines for risk management in human rights, including procedures for identification, assessment, remediation, and prevention, as follows:

- Establish Human Rights policies and guidelines.
- Clearly defining human rights issues for each stakeholder group to effectively manage risks.

Employee
- Working conditions/employment status.
- Illegal hiring practices/child labor exploitation.
- Health and safety in the workplace.
- Freedom of association and the right to collective bargaining.
- Fair practices and prevention of discrimination and harassment.

Business Partner
- Responsible sourcing of raw materials.
- Health and safety in the workplace.
- Data privacy and protection



Customer
- Misleading marketing practices/ Non-transparent marketing to consumers
- Personal data protection and privacy compliance

Community
- Health and safety
- Livelihood standards
- Impact on the community's quality of life

- Establish a corporate governance and sustainability oversight committee to coordinate with the risk management committee in managing human rights risks.
- Provide channels for both internal and external reporting and complaints, along with establishing systematic processes for handling complaints.

- Communicate to employees the importance of and guidelines for human rights awareness and understanding.

10) Emerging Risk in the Future

Given the constantly changing circumstances in the present, there may be new and evolving risks emerging. These could include risks from new infectious diseases that organizations worldwide must monitor. Factors may arise from mutations of existing diseases and the ongoing need for social interaction and activities, increasing the likelihood of disease transmission. Additionally, limitations in production and access to vaccines, among other factors, contribute to these risks. Risks from geopolitical tensions, political situations, and global economic conditions all have implications for various industries, prompting our company to remain vigilant. New forms of risk could arise at any time, so the Company has taken several measures to ensure comprehensive prevention, continuous monitoring, and effective response to unforeseen events. This includes establishing Risk Management Working Team involving management from various departments, developing risk management plans, and conducting annual reviews to ensure efficiency and suitability in managing risks. Moreover, the Company is enhancing employee learning initiatives to ensure that the Company can confidently address future risks.

Investment Risks for Security Holders

Various factors pose risks that may impact investor returns. These factors include:

1) Risk from Company Performance

Industry conditions and economic factors play a crucial role in determining investment returns, whether they will be high or low. Moreover, the situation of securities trading in the SET also influences investor returns. In a robust economic environment with good company performance, investors are likely to receive higher returns. Conversely, in a sluggish economy with declining company profits, investor returns tend to decrease.

2) Risk from Uncertainty of Expected Returns

Uncertainty about expected returns often arises from the volatility of security prices, leading investors to sell securities at lower-than-expected prices or receive low or no dividends. When investors receive lower returns than expected, it is often due to uncertain net cash flows from the issuing company, which creates uncertainty about shareholder returns.