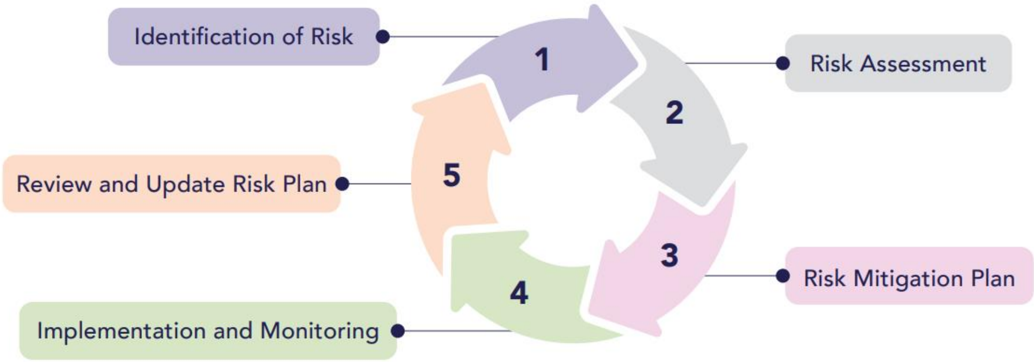
Risk Management Processes

Risk management process



Enterprise Risk Management at VGI is a process to ensure appropriate governance and risk culture is embedded and implemented, identifying and assessing each risk is important so that the company is well aware of the impacts and also monitor and suggest affective measures.

In determining each risk, the level of risk appetite and risk tolerance must be determined, which are divided into two main categories: financial impact and non-financial impact. Such impacts include governance, the safety of stakeholders, human resources, and the environment.

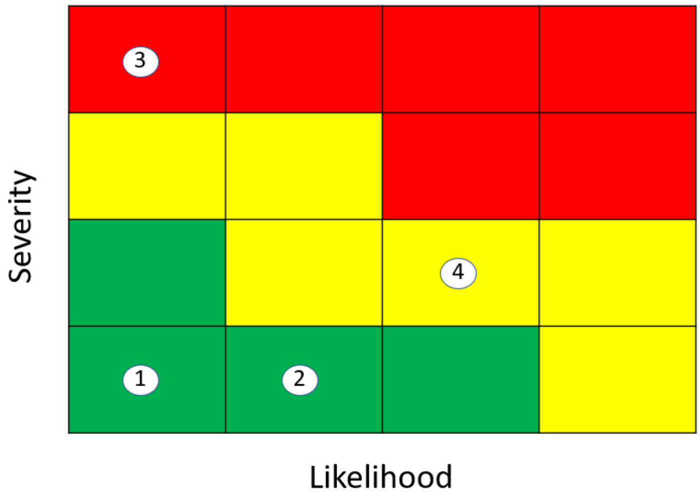
Risk assessment and prioritization using a heat map with the criteria "likelihood" and “impact” and dividing the risk assessment results into 5 levels: very high risk, high risk, medium risk, low risk and very low risk to determine the priorities of risk that must be managed within acceptable criteria. This includes reducing risk levels through a mitigation plan.

The Company also conduct an annual review of company's risk exposure twice a year and internal audit of the risk management process at least on annual basis to update and manage risks effectively.

Risk Review

No.	Risks	Risk Category	Risk Appetite/ Tolerance level	Mitigation Action
1	Interest rate fluctuation	Financial	The change in the rate of interest over time due to economic, financial, and monetary factors. Risk can be accepted and well controlled	- Effective treasury framework within the acceptable risk scope - Monitors status - Liquidity management - Manage the proportion of fixed-rate loans and floating rate loans to be an appropriate proportion
2	Changes in laws relating to business operations	Compliance	Regulatory changes require businesses to adapt their operations to remain compliant. Failure to comply or complete compliance could result in penalties and fines or lead to the loss of business opportunities. Risk can be accepted and well controlled	- The company has organized a team to monitor the development of laws concerning the business operations of VGI closely and continuously
3	Cyber security	Operational	Leak of important information and business secrets of the organization as well as the information of the company's stakeholders. The risk could affect the company's credibility and reputation, which will have a negative impact on the business, financial	- VGI received ISO/ IEC 27001:2013 - VGI provided cyber attack protection insurance - The company has guidelines for implementing and reviewing IT policy at least once a year - Firewall installation to separate data between internal and external networks

No.	Risks	Risk Category	Risk Appetite/ Tolerance level	Mitigation Action
			status, performance, and business opportunities of the company. Risk can be accepted and well controlled	- Conduct IT audit, preparation and upgrading of information technology equipment, and updating software to always up to date - Set up of data storage system and a DR site in case of system failure or disruption of information technology operations - Create awareness among company's personnel in order to have knowledge and understanding of how to use technology correctly and be safe from cyber threats
4	Changes in consumer behaviors	Strategic Risk	Digital disruptions as a result from various factors including COVID-19 leading to new-normal which may disrupt current business operations. Consumers will shift towards a more digital and online solution including product ordering behavior, cashless payment methods, advertising viewing platforms. Risk can be accepted and well controlled	- Established VGI Digital Lab to develop media and O2O marketing solutions for a dynamic modern society - Expand investment in businesses linked to online platforms, e-commerce and logistics



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1	Interest rate fluctuation	Financial
2	Changes in laws relating to business operations	Compliance
3	Cyber security	Operational
4	Changes in consumer behaviors	Strategic Risk

Sensitivity Analysis

1. Financial Risk

1.1 Interest rate

VGI has interest-bearing debts, namely debentures, bank loans, and bills of exchange, which are all connected to interest rate fluctuations. If interest rates increase, our interest expenses on floating-rate borrowing will increase. VGI may also lose the opportunity to receive more revenue from the increased interest rates if we had invested in long-term debt instruments during a period in which

The interest rates are lower than those in the market. VGI has undertaken a comprehensive assessment of interest rate risk by conducting sensitivity analysis to understand the potential impact of changes in interest rates under various scenarios. This analysis takes into consideration both the likelihood of these scenarios occurring and the magnitude of their impacts on finance costs and profitability. To effectively manage interest rate risk, VGI balances the fixed and floating rate portions of borrowings, aligning with the level of our risk appetite. Currently, VGI has entered into interest rate swap contracts with domestic commercial banks to mitigate interest rate risk as well as monitor the global and domestic economic situations, including the trends in interest rates.

1.2 Exchange rate

The currency risk is the loss due to the fluctuation in exchange rates between two currencies. Gain and loss on exchange rates are included in determining the income, except equity translation difference of instruments measured at fair value through the comprehensive income. Moreover, the fluctuation in exchange rates can significantly impacts project cost, either increasing or decreasing it relative to targeted investment cost. Consequently, VGI has hedged all foreign exchange exposure on all project investment to ensure that we do not have any foreign exchange rate risk.

2. Non- Financial Risk

2.1 Cost of electricity

VGI provides a full-loop offline-to-online marketing solution that covers three main businesses: advertising, digital services, and distribution. The operations of these three businesses mainly use electricity as the driving force. The cost of electricity is an operational risk that could be raised. Since VGI's operations depend on electricity, an increase in costs of electricity could lead to further costs to losses. VGI runs sensitivity analysis to analyse the impact of the change in electricity cost per unit to our operational costs. This analysis aims to determine the magnitude of the impact of electricity cost per unit to the Company's profitability, not the expectation of company on future electricity cost.

Considering the range of cost variations resulting from the sensitivity analysis, the increase electricity cost by 5% to 10% is expected to impact approximately 1 to 2 million THB of profit before tax.