

The logo for KCAR, featuring the letters 'KCAR' in a bold, white, sans-serif font. The text is centered within a blue, horizontally-oriented oval shape with a slight gradient and a white border.

KCAR

The title 'Annual Report 2020' is displayed in a large, bold, white font with a blue outline. The text is set against a background of a city skyline at night, with a digital overlay of a network graph and binary code (0s and 1s) in shades of blue and white. The overall aesthetic is modern and technological.

**Annual Report
2020**

Krungthai Car Rent and Lease PLC.

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**“For further information on the company issuing the securities.
The annual information form (56-1) of a company that is listed in.
www.sec.or.th or website : www.krungthai.co.th”**

Message from Chairman of the Board

In the year 2020, the long-term car rental market remained the best choice among corporate clients, thanks to cost effectiveness and cost control measures. Compared to the short-term car rental market in the tourism sector directly affected by the outbreak of CoVid-19 and the government's stark measures of lockdowns and travel bans, the long-term car rental market clients were in a much wider range of businesses and were not much negatively impacted by the situation. The company's car rental market was also sustained by the government's economic stimulus policies and remedial measures. The constant demands for long-term rental car services remained sound.

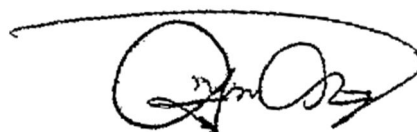
The company's rental car portfolio at the end of 2020 totalled 9,340 cars, smaller than the previous year's number of 9,444 cars in the portfolio, with a total rental income of 1.297 billion baht, representing an increase of 2%. The total car sales revenue reached 815 million baht, representing an increase of 27%, which is considered a high rate of increase under the downward economic direction and environment. The company's readiness in executing risk management approaches from the very beginning of the epidemic early last year by realigning and readjusting certain distribution channels in some car models through auctioning in order to maintain the proportionate number of in-stock vehicles. In the past year, the company enjoyed the sales of a total of 1,639 lease-expired vehicles, resulting in a considerable 27% increase in rental car sales profit.

In 2020, the company continued to focus on expanding its portfolio of rental vehicles and associated the importance of good service quality to clients even there was reportedly a certain extent of delay among clients in procuring new rental cars by renewing their existing rental agreements under an effort to control expenses of clients' companies. Such an event resulted in a proportionate number of lease-expired cars being sent to the second-hand car market – appropriate to the market situation. This was therefore beneficial to car rental operators as there was no pressing reason for the company to rush to sell the vehicles right after the end of lease under the sluggish market picture and tighter loan grant criteria among financial institutions.

As for the marketing of used car sales, the changing customer behaviours to the tides of technological advancements have steered the company to focus more on online channels. As a result, the sales volume and the working selling price of used cars owned by the company were still in satisfactory level. Taking into consideration the results affected by the decrease of sales volume of lease-expired cars, and the lower-than-estimate rate of car wreck value, this was the reason why the rental fees began to increase, more reflecting the actual cost. However, the said increase in rental fees has resulted in a positive effect on the company thanks to its strength in giving good services.

The company has a set of operational guidelines that are in line with actual market conditions. There were sufficient channels to sell used cars and good risk management policies, and ability to maintain good ratio of debt to equity. Under fast pacing circumstances and competitions of many forms, such as leasing through systems, period leasing through contracts, the company implemented a policy to adjust its operational procedures so that they became more flexible and practical by implementing technologies in several procedures, developing team potential, so as to create a good foundation for the company to embrace technological changes in order to grow steadily and sustainably.

The company remained committed to conducting business under good corporate governance principles by implementing a corporate responsibility policy for the societies, communities, and the environment, with the stakeholders at the centre in order to drive the company forward in the path of sustainable business growth. On behalf of the Board of the Directors, I would like to express my utmost gratitude to the management team and its staff for their dedication and perseverance throughout these difficult years. I would like to promise that the company will conduct its business professionally, with continuous improvement and to strengthen the foundation, for the betterment of opportunity to grow and achievement of goals.



(Pithep Chantarasereekul)

The Chairman of the Board of Directors

Overview of Business

1.1 History and Important Development



Krunghthai Car Rent and Lease Public Company Limited registered since January 29, 1992 under the name of “Krunghthai Car Rent International Co., Ltd.” by Mr. Paitoon Chantarasereekul with registered capital of Bath 4 million which belonged to Chantarasereekul group for 100%. The Company operated car leasing business both short term (daily-weekly-monthly basis) and long term (operating lease 1-5 years) to corporate customer both government agencies and private companies including individual customers together with the policies of excellent service and customer satisfaction orientation. The Company also worked as partnership and focused on excellent result for all business partners including the improvement of working system to enhance the service quality enabling the solid and continuous growth of the Company.

In August 2004, the Company became a Public Company namely “Krunghthai Car Rent and Lease Public Company Limited” and changed in the par value of Baht 1,000 per share to Baht 1 per share. In November 2005, the Company sold 50 million common shares to the public so that the new Company paid-up capital is as of Baht 250 million. The Company was listed on the Stock Exchange of Thailand by December 2005.

In June 2005, the Company invested in Krunghthai Automobile Co., Ltd., a subsidiary company, whose nature of business is the sales of used cars and leased cars that have exceeded its lease ability period under the front name of “Toyota Sure”, in which the Company held 37,999,300 baht (accounted to 95% of total shares). As a development, the Company in January 2013 increased its proportion of investment in the subsidiary company to 100% of the total shares.

For the current moment, the subsidiary company owns four branches of used car outlet

1. Headquarters on Kanchanabhisek road
2. Srinagarindra road branch
3. Kaset branch
4. Kanchanaphisek-Baromarachachonani Branch

In October 2018, the company was certified as a member of the Private Sector Collective Action Coalition Against Corruption (CAC)

In August 2020, the company announced the closure of Asoke office due to high operating cost and the lack of value in conducting business activities. And for better rendering of services, the company instead decided to expanded service counters in five locations in Bangkok in the following locations:

1. Rama III office (headquarters)
2. 9th km Ramindra counter (Toyota Kungthai, 9th km Ramindra road branch)
3. Kaset counter (Totoya Krungthai, Kaset branch)
4. Srinagarindra counter (Toyota Sure Krungthai, Srinagarindra branch)
5. Taling Chan counter (Toyota Krungthai, Taling Chan branch)

In November 2020, the company was rated “A-“ with credit outlook of “stable” by TRIS Rating Co., Ltd.

In 2020, the company was assessed for rating and corporate governance benchmark as a listed company in the stock exchange in terms of corporate governance. The results indicated that the company was rated at the “Very Good” level by the Thai Institute of Directors Association (IOD).



1.2 Overview of Business

Krungthai Car Rent and Lease Public Company Limited operates the rented car as operating lease with the agreement of not more than 5 years and short term rent of not more than 1 year. In addition the Company also sell the expired leasing car via distribution channels which are subsidiary companies that bring the profit of selling expired leasing car as well.

The rented cars are mainly be Japanese brand which has high turnover and can be classified as small car, medium car, big car, van and pickup which are Toyota, Honda, Isuzu, Nissan and etc.

Moreover, the Company also provides European rented car to serve all customer need and to create value added for our service. The company provides first class insurance for all cars and the Company responsible for the expense related to the vehicle i.e. expense for registration and vehicle tax, inspection expense, maintenance expense



including 24 hour-call center to support the customer in case of emergency and car replacement in case of accident.



The Company established service center at Head Office located on Rama III road and Asoke branch including the contract service centers more than 1,000 centers in order to ensure the good care of customers all times and also protected against risks that may have happened to the assets of the company. In addition, the service center on Rama III also open for any individual who requires the maintenance service for Nissan cars.



Presently, the other subsidiary company, Krungthai Automobile Co., Ltd., which the Company holds 100% of total shares operates the business of buying, selling and exchange the variety of used cars in any brands and types. The Company business has been integrated because the Company able to sell the expired leasing car through this channel directly to the customer and gain higher price together with less selling administration cost. Moreover the subsidiary company can also make a return to the Group from selling of used cars that purchased from others. As a result, the company gains higher car sales and higher revenue.

1.3 Vision & Corporate Policy

Vision

“Service and Quality Excellence”

Mission

The company recognises the importance of bringing the organisation to sustainable growth. Therefore, it has been defined as the company's policy so that everyone in the organisation can contribute to the organisation so as to be progressive and stable, including realising organisational values.

Corporate Policy

“The Leading Car Rental company focusing on distinguished services, underlining the business growth in sustainability way, emphasizing on the business partners collaboration and customer-value creation philosophy, developing staff skills to progress and professional-like while nourishing them the morality, community, social and environment responsibilities under the good corporate governance practices.”



KCAR way
วิถีแห่งการ



Professionalism: proficiency and responsibility to ensure the excellence of quality

Partnership: service and relationship which bring about customers' top satisfaction

Dynamism: determination, dedication, and continual amelioration to secure the standpoint of car rental business on a sustainable basis

1.4 Strategy and Competitiveness

1. The company is known as a competitive car rent business as the company has been providing car rental service for a considerable period of time. It is known in a broadened scale that the company is a big player in the business types of operating lease and short-term lease.

2. The management has a good relationship with customers. Thanks to a long history of the operations of business, the company enjoys a large base of customers, thus increasing the opportunity of service provision and risk diversification by depending not on one group of customers on an exceedingly large proportion.

3. The company offers a full-scale service with premium quality by focusing on customers' satisfaction on every level of service.

The company purchases the right vehicles according to each customer's requirements. As an added value to the service, the company also purchases first-class car insurance policies from some of the reputable insurance companies in the market and takes responsibility in the maintenance cost, e.g. reparation and annual registration renewal. In addition, the company also provides a full-scale after-sales service e.g. repair service with replacement cars, all by more than 1,000 branches of check-up and repair bays across the country. The company also offers value-added services and other activities to inform customers and keep them educated on benefits from the rental service, e.g. safe driving activity and study visits to car manufacturers.



Save&Safe



4. As the company currently has more than 9,000 cars for lease. It enjoys the benefits of the economy of scale, with some of the advantages being the considerably high power of bargaining and reduced cost of procurement of cars, spare parts, and interest rates. In addition, the company also enjoys a reduction of a part of operational costs, one of which is the cost of manpower per car.

5. The company operates its own service centre with highly skilled mechanics and technicians to render service to the customers. The company also estimates the cost of maintenance in a more efficient way, which can reduce the company's cost of operations.



6. The company has increased the earmarked marketing budget to focus more on advertisements in various media, including organising of promotional events on the company's web site in a bid to boost and publicise the company's image for the wider audience.

7. The company encourages the learning of knowledge and information on the benefits of car operating lease by providing training session for the employees on a regular basis, for they will successfully educate potential customers about cost management, tax and operational benefits that customers are entitled to, e.g. maintenance control, budget control, and so on.

Nature of Business

2. Structure of Income

The revenue structure of the Company's consolidated financial statements for the year 2018 - 2020 can be summarized as follows:

| Source of Income | By | % Shares of the Company | 2018 | | 2019 | | 2020 | |
|--------------------------------|---------------------|-------------------------|-----------------|------------|-----------------|------------|-----------------|------------|
| | | | Million Bath | % | Million Bath | % | Million Bath | % |
| 1. Rental Cars | Company | | 1,199.37 | 57.62 | 1,271.55 | 64.61 | 1,297.12 | 59.14 |
| 2. Sale of Used Cars | Company | | 553.64 | 26.60 | 446.81 | 22.70 | 674.61 | 30.76 |
| 3. Sale of Used Cars | subsidiary | 100 | 271.11 | 13.03 | 193.85 | 9.85 | 140.59 | 6.41 |
| 4. Other sources ^{1/} | Company /Subsidiary | | 57.31 | 2.75 | 55.70 | 2.84 | 81.08 | 3.69 |
| Total | | | 2,081.43 | 100 | 1,967.91 | 100 | 2,193.40 | 100 |

Note: ^{1/} Income from other sources e.g. service centres, received interests, termination fee, and sales promotion.

2.1 Nature of services

1. Operating Lease

The operating lease covers a lease term from one year to five years. The target groups include medium and large corporations, multinational corporations, government agencies and state enterprises having demand for vehicle services together with comprehensive supplementary services to reduce their unnecessary expenses relating to vehicle operation and management. The customers can choose the brand name and models of the cars including options and accessories as required.

Operating Lease



Short Term Rental

The Company will be responsible for car checking and making a first class insurance which the Company will be the beneficiaries. Moreover, the customers have many choices for after-sales service such as maintenance and repair program and temporary replacement cars. Ownership over the cars still belongs to the Company after the lease agreement becomes expired.

The Company has a policy to collect a car rental deposit at the average rate about three months of the rental fee. Nonetheless, the deposit can be waived, depending on the financial status and creditability of the customers. If the customers default on leasing fee for more than 3 months consecutive, the Company will confiscate the rented car and call for all payments as indicated in the agreement.

2. Short Term Rental

The Company provides a short-term rental service on a daily, weekly and monthly basis, focusing on the existing operating lease customers who additionally require a short-term rental and other individual and corporate customers. The customers are able to choose from various options classified by size of engines and variety of models.

The Company will collect the full rental fee in advance plus deposit. Collection of the said deposit is subject to the qualification of the customers and the model of car to be rent. In case the customers do not want to pay the deposit, they must provide a guarantor and pay the deposit on their behalf.

In addition to providing such services, the company recognizes the value of the customer. The service is another factor which is of particular importance. This is to increase the value of providing comprehensive services and to provide our customers with the best service as following:



Customer Service

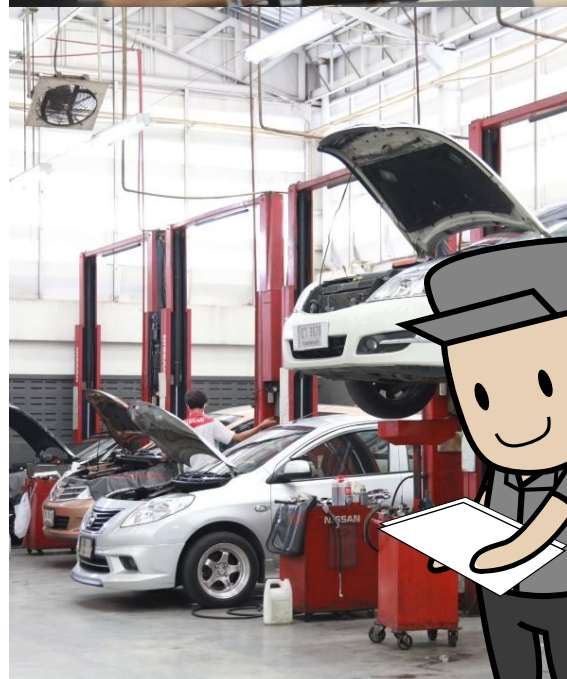
Customer Service Officer provides counseling services and gets feedback from the customers to find the appropriate solution in accordance with the requirements of the customer under cost effectiveness including knowledge providing on financial and tax management that customers can be obtained from Operating Lease. Moreover, the officers also establish the customer satisfaction surveys to improve the service to maximize the customer satisfaction.

24 hour-Call Center

The company set up a team that will coordinate and make recommendations together with emergency technicians and vehicle movement which is ready to daily assist at the scene with a car towing service for Bangkok and metropolitan area.

Service for Maintenance and Inspection Intervals

The Company provides the service for maintenance and inspects the car over the lease with the Preventive Maintenance Program that able to service the customer quickly and accurately so that the customer can use the car with the most effective and safety. The company has a policy to inspect the car prior to customer delivery and after the repair of the car's body. The Company also establishes the policy on maintenance and inspection of the car according to the manufacturer standard. The service centers for maintenance and inspection intervals spreads around the country i.e. Headquarters on Rama 3 Road, Asoke branch and other spot centers including the contract center with more than 1,000 locations.



Service of third party insurance and car insurance

The company will undertake to provide third party insurance and deliver to the customer. The Company also provides the first class car insurance with a reputation insurance company for every car.

Service for Car Replacement in case of accident or loss

In case of accident and loss, the Company provides car replacement to the customer under the condition specified in leasing agreement.

2.1.2 Purchase and Sale of Used Cars

The company has 2 main incomes from operations, namely car rental income, and income from the sales of lease-expired cars. The income from car rental will be derived from fixed rental rates throughout the lease term. The determination of the rental rate will be based on the value derived from the sale of cars that are expected to be received in the future for the rental calculation as well.

The company has a policy to sell cars when lease contract expires by retailing to direct car buyers under the sale of a subsidiary which will get a better selling price than wholesale. As for the decision whether or not to sell a car that has expired, the company shall consider various factors together, such as the amount of car remaining of the company, car condition, use life, repair value, and repair time. If the company decides to sell, it will proceed to adjust the condition of the car before selling to get a higher price. By setting the selling price, the company will consider from the used car prices in the market.

The Company conducts its business support services for car leasing is the purchase and sale of used cars operated by a subsidiary company, KrungThai Automobile Co., Ltd. ("Krungthai Automobile") under the commercial name "Toyota's Krungthai Used Car" which has 4 branches on the Kanchanapisek Road, Khet Bangkhuae, Bangkok, the second branch located on Srinakarindra Road, Khet Prayet, Bangkok, the third branch located on Phahon Yothin Road, Khet Bangkokhen Bangkok, and the fourth branch located on Kanchanaphisek-Baromarachachonani Road.

Krungthai Automobile has joined with Toyota Motor Thailand Co., Ltd ("Toyota Thailand"), a manufacturer and distributor of Toyota in Thailand for the project of Toyota Sure Program, which sold Toyota used cars under the framework and management advice and assistance activities from Toyota Thailand such as the warranty for used cars sold by Toyota Thailand for 1 year or in a distance of 20,000 kilometers, the supply of inventory and sales channels, assisting in the marketing budget and applied for the support systems and technologies. The project was successful in many countries around the world such as USA, Japan and etc. In addition to the car in the Toyota Sure, Krungthai Automobile also able to sell or buy used cars every brand not limited to only Toyota brand.



2.2 Market Situation and Competitiveness

Car Rental Business

The CoVid-19 epidemic in early 2020 has had an adverse impact on several levels. The impact made to this country has brought the economic index down to -6.4%, compared to +2.4% in 2019. The steep drop was caused by the negative effects made by measures to contain CoVid-19 outbreak, holding back many types of economic activities – especially businesses related to tourism – to a complete halt. The situation led to a significant drawback on income, employment, as well as household sector’s ability to pay back debts. The problem did not end there. On the business level, the rate of private investment contracted with problems of liquidity among Small- and Medium-Sized Enterprises (SMEs). However, the specially beneficial advantages of leasing as opposed to freeholding of which costs, budgets, and administrative expenses can be effectively controlled. The rental car service was then considered a good solution to corporate clients. And by the fierce competition in trying to dump down car rental fees that has been going on over the past several years, the company’s endeavour to focus on expanding its car portfolio in a hope of the increased market share, the rental fees in 2020 began to reflect real costs. From the plummeting price of car wreck, the rental fees in the market began to increase. However, clients have begun to rely on longer-term contracts in order to better control corporate expenses in accordance with the overall economic situations.

From the above circumstances, the company has become more cautious in lending, while continuing to focus on expanding the car rental portfolio by focusing on customer care even in times of crisis to help alleviate clients’ problems. The “Care” programme has been initiated, providing free-of-charge disinfectant spraying service for clients. This programme also provides a financial counselling for clients in times of crisis, with measures for rental fee payment waiver for clients with good payment history, helping them out to get through the unexpected financial situations. Today, this group of client were reportedly now back to business and able to make payment as normal.



After having gotten through the unexpected situations, these clients have returned to their normal financial standpoint, becoming able to resume business activities and pay the rental fees like before. In addition, the company has increased its service efficiency in conjunction with cost management by adapting the internal working culture to the ongoing situations. A series of technology was then integrated into the organisation, with emphasis on the quality of service tailor-made for each client's need. As a result, many clients were remarkably pleased with the company's rendering of high-quality service that they would return to the branch where previously the low rental fee was the only success factor.

Used Cars over the Past Year

Thailand's used car market has shrunk considerably, with the total sales of 792,110 cars in 2020, representing a 21.4% drop compared to the figure reported in 2019 of 1,007,552 cars. The drop was in line with the overall economic situation where consumers were more cautious in terms of money to be spent. As automobile is considered durable goods, the steep increase in unemployment rate has prompted financial institutions to constitute narrower criteria for loan grants. After the change, car dealers have launched several new promotional programmes to boost sales of new cars, which greatly affected the selling prices of second-hand cars. However, the company has expanded its sales network and added more sales channels online to open a new window to increase sales.



Risk Factors

3.1 Interest rate risk

In the operating lease business, there is the fixed interest rate throughout the life of the agreement making the Company has the fixed income from rental car. While cost of its operation comes from the interest loan with 2 types; fixed rate and floating rate subject to the market rate of interest. Therefore a risk of the spread of the income received and interest expense will impact directly on the cost and profit of the Company.

Therefore the Company has the policy to reduce this risk by finding the cost of fund which complies with the nature of business. The Company has managed risk with 2 aspects;

1. *Duration*: In term of duration management, the Company will set the loan period matching with the lease period.
2. *Interest rate*: The Company will try to obtain loans at a fixed cost to match with the car rental nature by keeping the difference between interest rate and rental income at the levels of profitability and consistence.

The proportion of fixed rate and floating rate is as follows:

| Type of Interest | December 31, 2018 | | December 31, 2019 | | December 31, 2020 | |
|------------------|-------------------|------------|-------------------|------------|-------------------|---------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| - Fixed | 2,348.45 | 94.58 | 3,160.04 | 99.94 | 2,672.16 | 90.52 |
| - Floated | 134.48 | 5.42 | 1.88 | 0.06 | 279.89 | 9.48 |
| Total | 2,482.93 | 100 | 3,161.92 | 100 | 2,952.06 | 100.00 |



3.2 Salvage Value Management Risks

The Company operates operating lease business with the period from 1 year to 5 years. After the expiration of agreement, the company may consider to keep the car for short rental with period from 1 year to 2 years. In case of ineffective management, the company may encounter a risk of purchasing too many cars. However, the company's subsidiary named Krungthai Automobile Co., Ltd. centralises the sales of used cars under the brand "Toyota Sure" from Toyota Motors (Thailand) Co., Ltd. Thus, the trust from the customers on used cars helps to secure confidence from potential customers, hence the increased opportunity of selling cars. For the current moment, the subsidiary company owns four branches of used car outlet 1.Headquarters on Kanchanapisek road 2. Srinagarindra road branch 3.Kaset branch 4. Kanchanaphisek-Baromarachachonani Branch



The Company is focusing on maximising the capability of selling lease-expired cars. Therefore, the management has deployed the policy of asset management as follow:

1) Establish its own service centres and the network of over 1,000 establishments with expertise in vehicle maintenance. The company's service centre will provide useful advice and ensure that customers are able to keep the leased cars timely and in accordance to the maintenance programme in order to be entitled to as good quality as market requirement and in order to facilitate the sales of used cars at a higher price.

2) Conduct its own selling activity by negotiate sales directly with buyers through KrungThai Automobile Co., Ltd., a subsidiary of the company. This policy enables the company to manage the existing cars with more efficiency. In 2020 and 2019 the company had sold away a total of 1,639 lease-expired cars, and 893 lease-expired cars, respectively. The profit of lease-expired car sales in 2020 totalled 215.54 million baht, and in 2019 totalling 170.07 million baht, respectively.

3.3 Risks in Financial Liquidity

The Company has source of fund from shareholders and borrowing with a proportion as follows:

| Consolidated financial statements | December 31, | | | | | |
|--|-----------------|--------------|-----------------|--------------|-----------------|---------------|
| | 2018 | | 2019 | | 2020 | |
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Shareholders' equity | 2,027.36 | 44.95 | 2,055.38 | 39.40 | 2,127.53 | 41.88 |
| Liabilities from under financial lease agreements | | | | | | |
| - Current portion | 62.32 | 1.38 | 48.69 | 0.93 | 81.05 | 1.60 |
| - Over 1 years | 51.63 | 1.14 | 2.93 | 0.06 | 272.48 | 5.36 |
| Total Liabilities from under financial lease agreements | 113.95 | 2.52 | 51.62 | 0.99 | 353.53 | 6.96 |
| Loans from financial institutions and Bill of Exchange/Debentures | | | | | | |
| • Loans from financial institutions and Bill of Exchange | 133.59 | 2.96 | 241.55 | 4.63 | 120.00 | 2.36 |
| • Long-term loans | 384.18 | 8.52 | 257.53 | 4.94 | 242.71 | 4.78 |
| • Debentures | - | - | 549.84 | 10.54 | - | - |
| Total current portion | 517.77 | 11.48 | 1,048.92 | 20.10 | 362.71 | 7.14 |
| • Debentures | 1,148.38 | 25.46 | 1,298.05 | 24.88 | 1,398.58 | 27.53 |
| • Long-term loans | 702.84 | 15.58 | 763.34 | 14.63 | 837.24 | 16.48 |
| Total net - current portion | 1,851.22 | 41.04 | 2,061.39 | 39.51 | 2,235.82 | 44.08 |
| Total Loans from financial institutions and Bill of Exchange/Debentures | 2,368.99 | 52.52 | 3,110.31 | 59.62 | 2,598.53 | 51.16 |
| Total | 4,510.30 | 100 | 5,217.31 | 100 | 5,079.59 | 100.00 |

Taking into consideration the source of funds, the company may be considered at risk in financial liquidity as it is restricted by loan payments caused by certain loan contracts made by the company and financial institutions. However, taking into consideration the structure of debt from the company's financial report, the company's source of funds is divided into two categories, 1) 443.75 million of short-term capital, and 2) 4,635.86 million baht of long-term capital (comprising 2,508.30 million baht of long-term debt and 2,127.53 million baht of shareholders' part) or to put it in simple terms, the company's debt structure is 9 : 91 the ratio of short-term against long-term capital.

Taking into consideration the payable debt within one year in fixed short-term securities, financial institution-fed long-term debt, and debt from purchase contracts, the company is confident in its strict management of cash flow by rushing to liquidate its spool of used cars in the waiting-to-sell list in return for sufficient cash flow for normal business operation.

Moreover, when taking into consideration the minimum income from future rental under interminable operating lease contracts that fall in the categories of less than one year and more than one year of validity period, as of the end of 2020, they were 1,127.58 million baht and 1,656.90 million baht respectively, while the current portion of liabilities of 443.75 million baht is due to be paid back within one year; and of the long-term liabilities of 2,508.30 million baht. In 2020, the Company will have approximately 2,000 cars exceeding the leasability period, expected to receive cash from sales of approximately 800 million baht which is considered sufficient to maintain the liquidity of the Company. Apart from the measures described, the Company also follows other policies to ensure better control of the collection of rental income, and more effective marketing of the sales of used cars.



3.4 Operating risk

The Company is likely to not be able to collect the rent and call back the cars if the selecting customers can not be done carefully, including the lack of effective collection follow up and lack of proper internal control system.

In order to reduce the risk, the Company measures the customers selected carefully by consideration in the ability of customers to pay the rent from the operation results and financial positions from the past to the present as well as the reliability of the customers. In addition, the Company has the policy to protect risk from customers individually. For the short-term lease agreement, customers must provide a guarantor or pay the high rental deposit for full advance payment according to the lease period which can protect the risk from its operation in a certain level. For the operation lease agreement, the Company has policy to collect the deposit average 3 months of rental fee. Although the Company still has some risk on uncollectible money after deducting the deposit, the Company's experience and customer selection process including the effectiveness on debt collection equipped with proper internal control, the Company is tracing these accounts on time and the adequate provide the allowance for doubtful accounts.



3.5 Marketing risk and Competition

Due to the rental cars business has a small legal restriction combined with low capital investment to start a business, result in many entrepreneurs in the car rental market which creates high competition of this business as well. The main competition is the pricing which may affect sales and profits of the Company.

In order to reduce this risk, the Company, as the big player, has the clear policy focusing on the Premium Quality and One Stop Service. The Company has implemented a modern and efficient computer system for its operation in order to monitor the service closely and thoroughly. As the big player would result in Economy of Scale leading to save costs and compete in pricing as well. However, the Company does not focus only on pricing strategy.

As well as, the Company has selected the clear target group in comply with the long-term leasing policy. The main customers are medium and large corporation including government agencies and state enterprises, etc. These target groups prefer the long-term car leasing with good after-sales service rather than focusing on price only.

3.6 Economic Risks

The coronavirus outbreak in 2020 did not only affect the economy at large where car sales dropped by 21.4%, the second-hand car market was also hit as people became more hesitant in spending buying automobiles. Financial institutions also grew more cautious with tighter criteria in granting loans. These factors adversely affected the sales volume of second-hand cars. However, after the peak of the outbreak and the situation became more or less controllable, the sales volume of second-hand cars rebounded to an extent in the second half of 2020.

3.7 Risks to the Society and the Community

The Company recognizes the principle of working by joining together the main work with the care for the society and the community, with a focus on the potential impact of the rental car business operation.

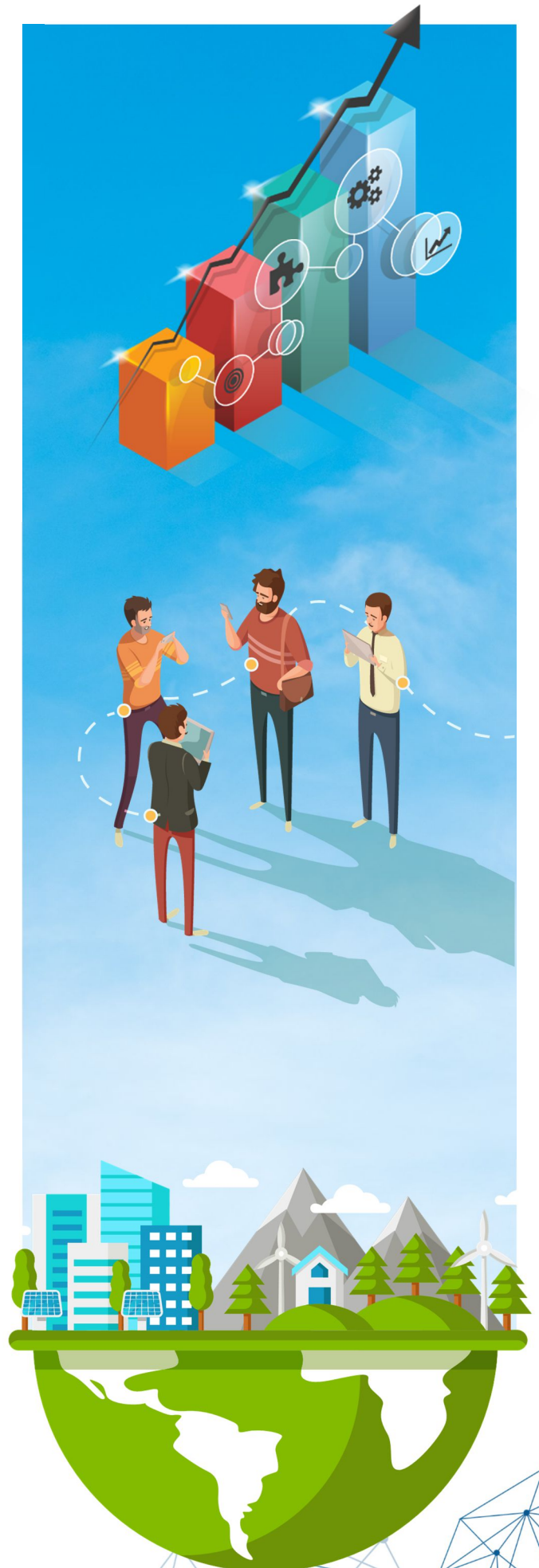
The Company established a project to promote road safety to give advice to car users which are the Company's customers.

The project aims at promoting road safety among motorists, with consideration to pedestrians, including items on the roads.

3.8 Risks to the Environment

Although the Company is not directly involved in the utilization of environmental resources, it also takes into account the environmental impact that may emerge, indirectly, from the waste generated by car maintenance.

The Company has written up a protocol to take care of the waste management in the company to help reduce the pollution made by the Company.



General Information



| | |
|---------------------|--|
| Company Name | :Krunghthai Car Rent and Lease Public Company Limited |
| Stock Code | :KCAR |
| Nature of Business | :Operating lease services and short-term car rental |
| Registered Capital | :Paid-up capital of 250,000,000 shares, with a par value of Baht 1.00 per share |
| Head Office | :455/1 Rama 3 Road, Bangkhlo, Bang Kho Laem Bangkok 10120 |
| Registration No. | :Bor. Mor. Jor. 0107547000761 |
| Telephone | :66 (0) 2291-8888 |
| Fax | :66 (0) 2291-4488 |
| Website | :www.krunghthai.co.th |
| Registrar | :Thailand Securities Depository Company Limited. 93 Ratchadaphisek Road Din Daeng , Bangkok Thailand. Tel: 66 (0) 2009-9000 Fax: 66 (0) 2009-9991 |
| Auditor | : Miss Soraya Tintasuwan, Certified Public Accountant No. 8658 |
| Audit Firm Name | :Dharmniti Auditing Company Limited |
| Audit Firm Location | :178 Soi Permsap (Prachachuen 20), Prachachuen Rd., Bangsue, Bangkok 10800 Tel: 66 (0) 2596-0500, 02-555-0600 Fax: 66 (0) 2596-0539 |

General Information



| | |
|------------------------------------|--|
| Subsidiary Name | :Krunghthai Automobile Co., Ltd. |
| Shareholding Status | :100 percent of paid-up registered capital |
| Nature of Business | :Purchase, sell, exchange, repair and distribution of new & used cars and equipment |
| Registered Capital | :Paid-up capital of 400,000 shares, with a par value of Baht 100 per share |
| Head Office | :1625 Bangphai, Bangkhae, Bangkok |
| Srinakarindra Branch | : 41/2 Srinakarindra Road, Pravet, Bangkok |
| Kaset Branch | : 2368 Phahon Yothin Road, Bangkhen, Bangkok |
| Kanchanaphisek | |
| -Baromarachachonani Branch: | 64 Kanchanaphisek Road, Banglamad, Talingchan, Bangkok |
| Telephone | :66 (0) 2455-4455 |
| Fax | :66 (0) 2455-4441 |
| Website | : www.surekrungthai.com |
| Auditor | :Mrs. Rungthip Changsrisk |
| | Certified Public Accountant No. 11930 |
| Audit Firm Name | :Dharmniti Auditing Company Limited |
| Audit Firm Location | :178 Soi Permsap (Prachachuen 20), Prachachuen Rd., Bangsue, Bangkok 10800 |
| | Tel: 66 (0) 2596-0500, 02-555-0600 Fax: 66 (0) 2596-0539 |

Shareholder Structure

5.1 The Company's Securities

| | | |
|-------------------------------------|-------------|-----------|
| Registered Capital | 250,000,000 | Baht |
| Issued and fully paid share capital | 250,000,000 | Baht |
| Ordinary shares | 250,000,000 | shares |
| Baht | 1.00 | par value |

5.2 Shareholder Structure

List of the top 10 major shareholders as of the close of Share Register Book on 26 August 2020

| No. | Names | Number of Shares Held | % |
|-----|---|-----------------------|---------------|
| 1 | The Chantarasereekul Family ¹ | 183,733,400 | 73.49 |
| 2 | Aberdeen Small Cap Fund | 13,030,000 | 7.00 |
| 3 | The Khunsongkiat Family ² | 6,348,600 | 2.54 |
| 4 | Saha Pathana Inter-Holding Public Company Limited | 4,400,000 | 1.76 |
| 5 | Mr. Prinya Thieanworn | 4,300,000 | 1.72 |
| 6 | Bangkokinsurance by Aberdeen | 2,230,700 | 0.89 |
| 7 | Terdtoontaveedj Family ³ | 1,605,200 | 0.64 |
| 8 | Ms.Duangchada Leekranchai | 1,498,700 | 0.60 |
| 9 | Thai NVDR Company Limited | 1,164,800 | 0.47 |
| 10 | The Rungthanapirom Family ⁴ | 970,000 | 0.39 |
| | Others | 30,718,600 | 12.29 |
| | Total | 250,000,000 | 100.00 |

¹ The Chantarasereekul Family includes

1. Mrs. Wipaporn Chantarasereekul holds 50,512,400 shares represent 20.20
2. Mr. Pithep Chantarasereekul holds 34,000,000 shares represent 13.60
3. Mr. Pichit Chantarasereekul holds 34,000,000 shares represent 13.60
4. Mr. Pisit Chantarasereekul holds 25,000,000 shares represent 10.00
5. Ms. Pimontra Chantarasereekul holds 20,221,000 shares represent 8.09
6. Ms. Pimonpan Chantarasereekul holds 20,000,000 shares represent 8.00

^{/2} The Khunsongkiat Family includes

1. Ms. Piyada Khunsongkiat holds 4,122,100 shares represent 1.65
2. Dr. Prajuab Khunsongkiat holds 1,172,400 shares represent 0.47
3. Mrs. Laddawan Khunsongkiat holds 1,005,100 shares represent 0.40
4. Mrs. Nipa Khunsongkiat holds 49,000 shares represent 0.02

^{/3} The Terdtoontaveedej Family includes

1. Mr. Somkiat Terdtoontaveedej holds 1,405,200 shares represent 0.56
2. Mr. Roengchai Terdtoontaveedej holds 100,000 shares represent 0.04
3. Mrs. Darunee Terdtoontaveedej holds 100,000 shares represent 0.04

^{/4} The Rungthanapirom Family includes

1. Mr. Thanapat Rungthanapirom holds 680,000 shares represent 0.27
2. Mr. Tanawat Rungthanapirom holds 290,000 shares represent 0.12

5.3 Issuing of Other Securities

The company issued three (3) sets of debentures* on behalf of Krungthai Car Rent and Lease Public Company Limited at the amount of 1,400 million baht, with the following detail:

| Lots of Debentures | Total Issue Amount (Million Baht) | Outstanding Debenture (Million Baht) | Maturity Date | Interest Rate (%) | credit rating |
|--------------------|-----------------------------------|--------------------------------------|----------------|-------------------|---------------|
| 1/2561 | 600 | 600 | March 28, 2022 | 2.46 | A- |
| 1/2562 | 700 | 700 | July 25 2023 | 2.96 | A- |
| 1/2562 | 100 | 100 | Sep 11 2023 | 3.0 | A- |
| TOTAL | 1,400 | 1,400 | | | |

Remark: *

All debentures have received credit rating from TRIS Rating Co., Ltd

Dividend Payment Policy

The company is bound to pay no less than 50% of net profit after deducting the corporate tax and legal reserve in each year. The dividend payment shall depend on the consideration of financial position and operation result, liquidity, future expansion project and etc. However, the Company concerns on the maximize benefits to shareholders. The dividend payments shall be approved by the resolution from the shareholders or the Board of Directors.

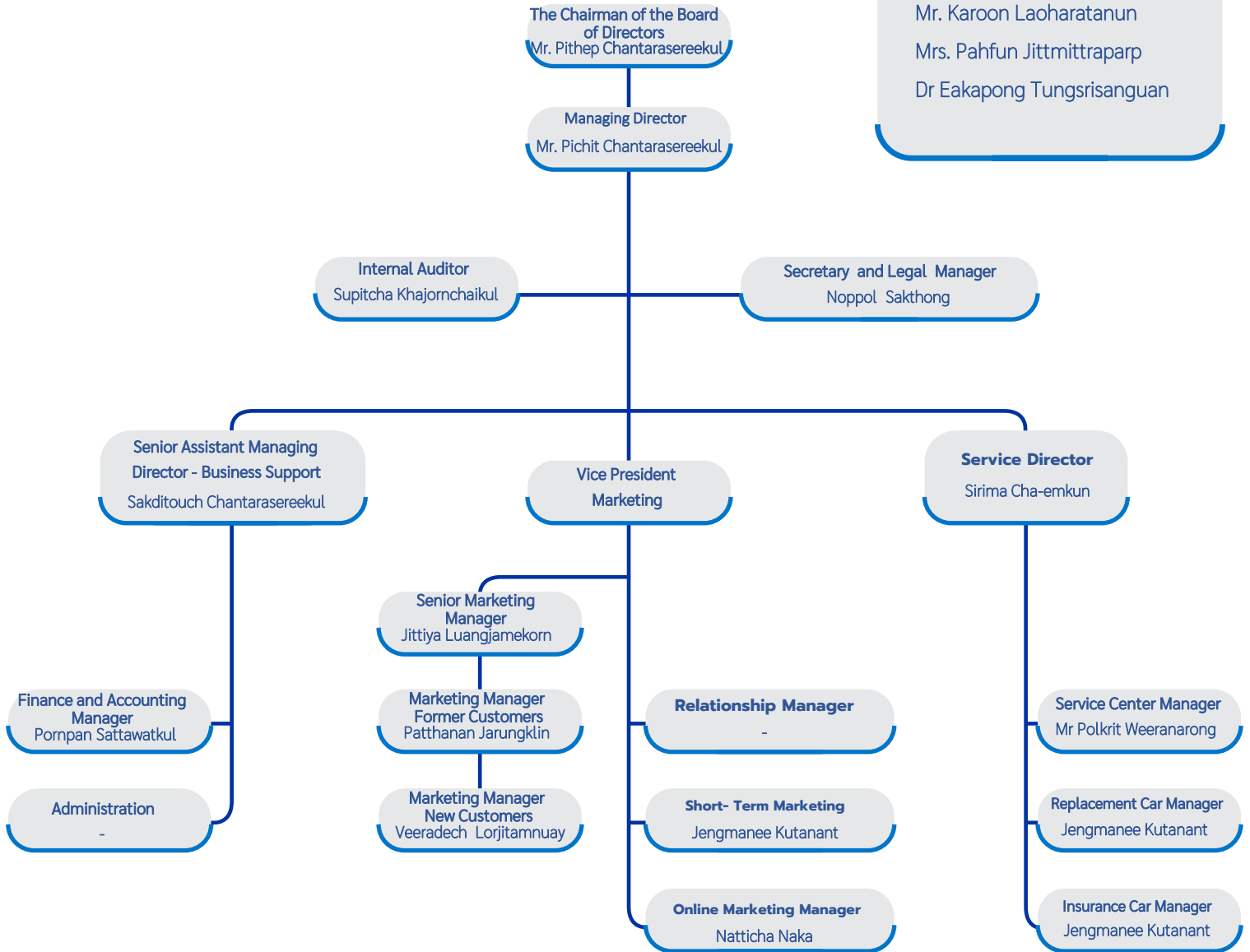


Management Structure

6.1 Management Structure

Management Structure as at December 31, 2020

Directors
 Mr. Pithep Chantarasereekul
 Mr. Pichit Chantarasereekul
 Mr. Chaiwat Atsawintarangkun
 Mr. Karoon Laoharatanun
 Mrs. Pahfun Jittmittraparp
 Dr Eakapong Tungsrisinguan



The Company has a committee that is responsibility for setting policies. There are 5 sets of the company, consisting of (1) Board of Directors. (2) Audit Committee (3) Nominating and Remunerating Committee (4) Corporate Governance Committee and (5) Risk Management Committee. With details as follows

1. The Board of Directors

1.1 The Board of Directors

As at 31 December 2020, the Board of Directors consists of 6 directors (all directors have been trained with the Director Accreditation Program (DAP) as followings:

| No. | Name | | Position |
|-----|-------------|------------------|---|
| 1 | Mr. Pithep | Chantarasereekul | The Chairman of the Board |
| 2 | Mr. Pichit | Chantarasereekul | Director and Managing Director |
| 3 | Mr. Chaiwat | Atsawintarangkun | Independent Director and the Chairman of the Audit Committee |
| 4 | Mr. Karoon | Laoharatanun | Independent Director and Member of Audit Committee |
| 5 | Mrs. Pahfun | Jittmittraparp | Independent Director and Member of Audit Committee |
| 6 | Dr Eakapong | Tungsrisinguan | Independent Director |

* Mr Noppol Sakthong as the Company secretary

Authorized Directors

Authorized directors consist of Mr. Pithep Chantarasereekul and Mr. Pichit Chantarasereekul authorized directors may sign jointly and affixed with company seal to bind the Company.

1.2 The Board of Directors of the Subsidiary Company

The Board of Directors of Krungthai Automobile Company Limited consists of 3 directors as followings

| No. | Name | | Position |
|-----|------------|------------------|----------|
| 1 | Mr. Pithep | Chantarasereekul | Director |
| 2 | Mr. Pichit | Chantarasereekul | Director |
| 3 | Mr. Pisit | Chantarasereekul | Director |

Authorised Directors of the Subsidiary Company

Authorised directors of the subsidiary company consist of Mr Pithep Chantarasereekul and Mr Pichit Chantarasereekul. One authorised directors may sign, with company seal affixed, to act on behalf of the subsidiary company.

Duty and Authority of the Board of Directors

1) The Board of Directors has authority and manages the Company in accordance with the law, objectives and articles of the Company as well as legitimate resolution of Shareholders' Meeting.

- 2) The Board of Directors has a responsibility for setting goals, guidance, policies and budgeting of the Company, supervise the Executive Board of Directors in accordance with the assigned policies with the exception of such matters which the Board of Directors requires the approval from the resolution passed of the Shareholders' Meeting prior to the execution namely matters required by laws such as increase and/or decrease of share capital, the issuance of Company's debenture, the purchase or transfer of the Company's business or the acquisition or merge with others, the amendment of the Company's memorandum of association and regulations as well as the remuneration of Directors and so on.
- 3) The Board of Directors may appoint a number of directors to be the Executive Board of Directors who have authority to supervise the business of the Company as the Board assigned.
- 4) The Board of Directors has directed the effectiveness of Company's internal controls and internal auditing by providing an internal audit department to monitor, carry out and coordinate with the audit committee.
- 5) The directors shall receive the remuneration in the form of reward, meeting fee, gratuity, bonus or other form benefits under the articles of association or as determined by shareholders' meeting in either fixed sum or under certain criteria and such determination may be made from time to time or may take effect until otherwise determined and shall receive allowance or welfare benefits under Company's regulations.
- 6) The Board of Directors shall not approve any transaction which their own or persons who may have conflicts of interest with the Company and / or its subsidiary.
- 7) duties of the Board of Directors also encompasses the supervision of the Company to perform in accordance with the law and regulation relevant to the securities and securities exchange for example related party transaction and the purchase and sale of assets of material substance in accordance with regulation of the Securities Exchange of Thailand or other law relevant to the Company's business.
- 8) The Board of Directors is responsible for disclosure to shareholders and the public an accurate, complete and standardized.



The Board of Directors must not approve any transactions which conflict of interest with interest in any other manner with the company and / or subsidiaries

In addition, the Board of Directors also has the scope supervise the company to follow regulations and Notifications of the Stock Exchange of Thailand, such as Major acquisition or disposal of assets transactions with a value that require shareholders' approval as stipulated

Company's Vision

“The Leading Car Rental company focusing on distinguished services, underlining the business growth in sustainability way, emphasizing on the business partners collaboration and customer-value creation philosophy, developing staff skills to progress and professional-liked while nourishing them the morality, community, social and environment responsibilities under the good corporate governance practices.”

Corporate Vision

“Service and Quality Excellence”

Core Value



Professionalism: proficiency and responsibility to ensure the excellence of quality

Partnership: service and relationship which bring about customers' top satisfaction

Dynamism: determination, dedication, and continual amelioration to secure the standpoint of car rental business on a sustainable basis

2. Audit Committee

As at 31 December 2020 , the Audit Committee consists of 3 persons as follows:

| No. | Name | | Position |
|-----|-------------|------------------|-------------------------------------|
| 1 | Mr. Chaiwat | Atsawintarangkun | The Chairman of the Audit Committee |
| 2 | Mr. Karoon | Laoharatanun | Audit Committee member |
| 3 | Mrs.Pahfun | Jittmittraparp | Audit Committee member |

Miss Supitcha Khajornchaikul acts as Audit Committee Secretary.

Duty and Authority of the Audit Committee

1. To review and ensure the company reporting accurate financial information and sufficient
2. To review and ensure the Company has an internal control and internal audit system, determining an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review and ensure the conduct of the Company in compliance with the law relevant to the securities, and securities exchange, regulations of the securities exchange of Thailand, or other law relevant to the Company's business.
4. To consider the selection and propose an independent party for appointment as the external auditor of the Company, propose for the auditor's compensation, and to participate in the meeting with external auditor without management present at least once a year.
5. To consider related party transactions which may have conflicting interests to be in accordance with the law and regulation of the securities exchange of Thailand to ensure that such transactions are reasonable and for the best interest of the Company.
6. To prepare report of the Audit Committee, and disclose the report within Company's Annual Report such report to be affixed with the signature of the Chairman of the Audit Committee. The report should comprise the following information:
 - a) opinion on the accuracy, completeness and reliability of the Company's financial report
 - b) opinion on the adequacy of the system of internal control of the Company
 - c) opinion on legal compliance related to the securities and securities exchange, regulation of the securities exchange, or law relevant to the Company's business
 - d) opinion on the appropriateness of the auditors
 - e) opinion on transactions that may have conflicting interests
 - f) The number of meetings of the Audit Committee, and attendance of individual audit committee member
 - g) opinion or overall observation of the Audit Committee in performing its duties in accordance with the Audit Committee Charter
 - h) Any other reports the Committee felt the shareholders and investors in general should know within the scope of duties and responsibilities assigned by the Board of Directors.
7. To perform any other act as assigned by the Company's Board of Directors, with the approval of the audit committee.

3. Nominating and Remunerating Committee

The members of the nominating and remunerating committee as of 31 December 2020 comprised of 3 persons, they are:

| No. | Name | | Position |
|-----|-------------|------------------|---------------------------|
| 1 | Mr. Chaiwat | Atsawintarangkun | Chairman of the Committee |
| 2 | Mrs.Pahfun | Jittmittraparp | Committee member |
| 3 | Mr. Pichit | Chantarasereekul | Committee member |

Duty of the Nominating and Remunerating Committee member:

1. Find one or more individuals who possess the needed qualities for the position of the Company's board member and submit the nomination to the board of directors in case of vacancy in one of the positions in the board.
2. Evaluate the performance of each board member and compile a report to the board.
3. Create, revise the suitable strategies and policy in remuneration for designated responsibilities, compare them to the acceptable standards in the industry, including the expected company benefits, and ensure that the policy set by the board members is enforced
4. Conduct the selection of suitable candidates for the position of company directors in place of those who completed their terms or other cases by considering the diversity of the board structure and propose to the Board of Directors and/or the shareholders meeting for approval.

4. Corporate Governance Committee

The corporate governance committee as of 31 December 2020 comprised of 3 persons, they are:

| No. | Name | | Position |
|-----|-------------|------------------|---------------------------|
| 1 | Mrs.Pahfun | Jittmittraparp | Chairman of the Committee |
| 2 | Dr Eakapong | Tungsrisinguan | Committee member |
| 3 | Mr. Pithep | Chantarasereekul | Committee member |

Duty of the Corporate Governance Committee member:

1. Design corporate governance policy and submit to the company's board of directors.
2. Propose operational procedures in terms of corporate governance and give consultation to the board of directors in terms of corporate governance.
3. Evaluate, revise the operational procedures by taking into account the internationally-accepted norms, and propose the amendment to the board of directors for approval, to finally attain efficiency.
4. Report the assessment of each operational procedure to the board of directors according to the policy.

5. Risk Management Committee

The risk management committee members as of 31 December 2020 comprised of 3 persons, they are

| No. | Name | | Position |
|-----|-------------|------------------|---------------------------|
| 1 | Mr. Karoon | Laoharajatanand | Chairman of the Committee |
| 2 | Mr. Chaiwat | Atsawintarangkun | Committee member |
| 3 | Mr. Pichit | Chantarasereekul | Committee member |

Duty of the Risk Management Committee member:

1. Constitute the policy on risk management and its limitations acceptable to the operational car lease business to propose to the committee for consideration of the overall risk management in terms of strategy, cash flow, marketing, or other risks pertaining to the business operation.
2. Designate the limitations in the efficient utilization of the company's resources to meet with the risk management policy by analysing, evaluating, and following up to each process of the risk management.
3. Revise and give consultation to the board of directors in the subject of risk management, processes, strategy, and overall risk assessment, to ensure that the policy is enforced accordingly.
4. Report and assess the outcome of risk management operation, including any updates and changes that are related to the policy, to the board of directors.

6. Secretary to the Company

The board of directors has appointed Mr Noppol Sakthong, who has the necessary experience and knowledge for the position of the company's secretary.

7. Executives

As at 31 December 2020, the Executive Committee consists of 5 persons as follow:

| No. | Name | | Position |
|-----|----------------|------------------|--|
| 1 | Mr. Pichit | Chantarasereekul | Managing Director |
| 2 | Mr. Sakditouch | Chantarasereekul | Senior Assistant Managing Director of Business Support |
| 3 | Miss Sirima | Cha-emkun | Director of Service |
| 4 | Miss Jittiya | Luangjamekorn | Senior Marketing Manager |
| 5 | Miss Pornpan | Sattawatkul | Finance and Accounting Manager |

Duty and Authority of the Executive Board

1. To have authority to approve on the important operations of the company by setting the scope or the scale of the mission, objectives and policy of the company including the supervision of the overall operation, production, customer's relationships within the scope plan and budgeting prescribed by the Board of Directors.
2. To consider the expansion investment including purchase and/or sale of fixed assets of the Company in order to propose to the Board of Directors
3. To have the authorization and represent the Company to others in any related business and beneficial to the Company
4. To consider in matter of funding for presenting to the Board of Directors
5. To approve the appointment of any consultant that is essential to the Company's operation as assigned by the Board of Directors
6. To operate any transaction related to general administration of the Company
7. To consider and approve the operating plan of each department of the Company including the approval of the issues that beyond their power of authority
8. To propose for the approval of the Board of Directors on the approved operation plans that may over the budget more than 10%

The Executive Board of Directors may delegate the authority to each member of executive director to process within the scope of authority under No. 3; any such executive director is responsible for this assigned work from the Executive Board of Directors.

However, the approval of the Board of Directors above does not include approval of the Executive Board of Directors or any person who may have conflicts of interest, has an interest or potential conflict of interest in any other manner with the Company and / or its subsidiary, including items that require approval from shareholders in a transaction and the acquisition or disposition of assets of the Company and / or its subsidiary in order to comply with the requirements of the Securities Exchange of Thailand.

Qualification of Executives

Executive hereby certify that they have Ethics, a talented, an experienced in the business. There are operating with honesty and care for the benefit of the Company. There are intended to operate continuously, understanding and responsibility to the public and the person listed in contact information management.

In 2020, a number of members of the Executives participated in a training seminar in an effort to ameliorate their operational efficiency, names and formations are as follow:

| No | Names | Seminar |
|----|----------------------------------|---|
| 1 | Mr. Sakditouch Chantaraseekul | - Implement Value 2020 - Lisening for the future |
| 2 | Miss Sirima Cha-emkun | - Online Marketing by SCB - Listening Course to Fight CoVid-19 for the Future - Communication Power for Management - Refresh Thinking into Result for Management |

| No | Names | Seminar |
|----|----------------------------|---|
| 3 | Miss Jittiya Luangjamekorn | <ul style="list-style-type: none"> - Implement Value 2020 - Lisening for the future - Communication Power for Management |
| 4 | Miss Pornpan Sattawatkul | <ul style="list-style-type: none"> - Redesigning Business Framework and Accountancy in the Digital Age (Class of 1/63) - Internal Organisational Control and Changes in the Digital Age - Transformative Accounting: Adaptation of Accountancy Procedures with Digital-Age Technology - Hot Tax Issues of 2020 for Professional Accountant - Fundamental Techniques in Accountancy Information System Development (Class of 2/63-2) - Using Smart FSCOMP System - Excel® for Professionals |

6.2 Recruitment of Directors and Executives

The Audit Committee/Independence Director

The Audit Committee consists of at least 3 persons and the term of office is for 3 years. The Company's policy on recruitment the Audit Committee members/Independence directors are in compliance with the notifications of the Securities and Exchange. The qualifications are listed as follows:

1. Holding shares not more than 5 % of issued and paid-up capital of the Company, which shall be inclusive of the shares held by related persons.
2. Not being an employee, staff member or advisor who receives a regular salary from the Company or a person who has control of the Company or entity who may have a conflict of interest.
3. Having no blood relationship, no relationship in term of marriage or legal registration with a person of possible conflict of interest and no business relationship with the Company and entity that may have a conflict of interest.
4. Not having or has been in business relation with the Company, holding company, subsidiary, affiliated entity, major shareholder, or authorised person, in a manner that may obstruct the independent exercise of discretion; including not being or having been a significant shareholder or authorised person of the person with business relation with the Company, the holding company, subsidiary, affiliated entity, major shareholder, or authorised person.
5. Not being or has been an auditing personnel of the Company, holding company, subsidiary, affiliated entity, major shareholder, or authorised person; including not being a significant shareholder, authorised person, or partner of auditing office, with the auditor of the Company, holding company, subsidiary, affiliated entity, major shareholder, or authorised person in operation.
6. Not being or has been a provider of professional service which includes financial or legal consulting with service fee from the Company, holding company, subsidiary, affiliated entity, major shareholder, or authorised person of the company; and not being a significant shareholder, authorised person or partner of the provider of such professional service.

7. Not being a director appointed as an agent of the director of the company, major shareholder, or shareholder with relation with the major shareholder.
8. Not being in operation of similar or significant competitive business to the business of the company or its subsidiary; or not being significant partner in the partnership of directorship with participation of manageability on employees, consultant with regular salary or holding more than one per cent of the total shares with voting right in other company, operating similar or competing business with the business of the company or subsidiary.
9. Not having other factors that could hinder expression of liberal opinion in relation with the operation of the company.

In addition, the Independence director who is a member of audit committee at least 1 must have knowledge and experience in accounting or finance that can have a reliable review the financial statement. As well as the Company considers the other qualifications such as business experience, specific expertise related to business, ethic for the best of interest of the Company.

The regulations and criteria of appointment of members of the audit committee is in compliance with regulations concerning appointment of Company directors. A member of audit committee who retires on completion of the term may be re-appointed to the position. In case of vacancy in the position of member of audit committee caused by other reasons other than completion of term, the board of directors may appoint a person with adequate expertise and qualification to fill in the vacancy in the position according to the rules set by the board of directors. The person appointed to fill in the vacancy may hold the position for the period of time equal to the remaining period of time of the recently retired member of audit committee.

The Board of Directors

The Board of Directors shall comprise at least five directors and not less than one-half of the directors must have the residence in Thailand. Directors may be shareholders of the Company.

The rules and procedures in appointing the Director are as follows:

1. Each shareholder shall have one vote for each share.
2. Each shareholder may exercise all the votes he or she has under No. 1 to elect one or several persons as director or directors, but the shareholder cannot divide his or her votes between any particular person or persons.
3. The persons who receive the highest votes arranged in order from higher to lower in a number equal to that of the number of directors to be appointed are elected to be the directors of the Company. In the event of a tie at a lower place, which would make the number of directors greater than that required, the chairman of the meeting shall have a casting vote.
4. At every annual general meeting of shareholders one-third (1/3) of the directors shall retire from their office. If the number of directors is not a multiple of three, the number of directors nearest to one-third (1/3) shall vacate office.
5. The directors to vacate office in the first and second years following the registration of the conversion of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A vacating director may be eligible for re-election.
6. In addition to vacating office upon the termination, directors shall vacate office upon:
 - death
 - resignation
 - being disqualified or being under any of the prohibitions under Public Company Limited Act,
 - the meeting of shareholders may pass a resolution by a vote of not less than three-fourth (3/4) of the number of shareholders attending the meeting and having the rights to vote not less than one half of the number of shares held by shareholders attending the meeting and having the voting rights.
 - removal by court order

7. Any director wishing to resign from office shall submit his or her resignation letter to the Company and the resignation shall be effective from the date on which the Company receives the resignation letter
8. In case of a vacancy in the Board of Directors for reasons other than the termination of the term of office, the Board of Directors shall elect a person who has the qualifications and is not being under any of the prohibitions by law as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than two months. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces.
9. The Board of Directors shall elect one of the directors to be the chairman of the board. In the case where the Board of Directors deems expedient, the board may elect one or several directors to be vice-chairman. The Board of Directors may entrust one or several directors to perform any act on its behalf

Executive

The Company considered a person who has the experience and knowledge in management the related field to be the Executive Committees.

Guidelines for nominating directors

The Nominating and Remuneration Committee is responsible for recruiting suitable persons to be appointed as the company's directors in place of the directors whose term has expired or in other cases, and propose to the Board of Directors to consider the candidates to be elected in the shareholders' meeting, all with guidelines for the selection of directors with regard to:

1. Appropriate qualifications
 - 1.1 Ability to devote time to benefit the company
 - 1.2 Having a professional history of honesty, transparency, with all qualities as a director according to the regulations constituted by the Securities Exchange Commission, and previous experience in managing organisation.
 - 1.3 Having a quality of keeping up with changes in the modern world.
 - 1.4 Having experience, knowledge, and expertise in specialised skills which can enhance the committee in the field that is missing.
 - 1.5 Not operating or being a director, or being an executive management in an organisation that, in nature, competes with the company.
 - 1.6 Courage to speak out and express opinions rationally.
 - 1.7 Having ideal thoughts, ability to work in team, and having the cultures that get along with other directors.

2. Selection of the Board of Directors

Nomination and Remuneration committee member has the duty to nominate directors to replace the directors whose terms have been completed by rotation or other cases to the Board of Directors and/or the meeting of shareholders. The Nomination and Remuneration committee selects the best candidates out of qualified persons who have background and expertise from various professions, have leadership, with a broad vision. The candidate must be a person with morality, ethics, and has a record of working transparently, and the ability to freely express opinions.

3. Guidelines for screening and proposing directors

In considering the screening of the names of persons to be nominated as directors, the Nomination and Remuneration committee shall specify guidelines for consideration containing the following components:

3.1 Qualifications required for each director

Nomination and Remuneration committee shall consider and specify the personal characteristics of the person to be selected to be nominated as directors in various fields such as

- Morality and responsibility.
- Decisions based on information and reason.
- Maturity and stability, being a good listener, and dare to express different and independent opinions.
- Hold on to working with principles and standards as a professional.
- Other characteristics as specified by the Nomination and Remuneration committee.

3.2 The expertise required

the Nomination and Remuneration committee shall consider the composition of the expertise that is required in the committee so that the board can formulate strategies and policies as well as oversee effective implementation of the strategy.

3.3 Diversity of Directors

In addition to the above two qualities, the Nomination and Remuneration committee may also consider guidelines for a variety of other qualifications of the entire faculty, such as from various stakeholder groups and educational background, age, gender, etc.

In addition, the Nomination and Remuneration committee has selected the directors with due regard to the necessary expertise that is still lacking in the board, by employing the committee's special expertise as information in support of the consideration of the selection of directors who are due to retire by rotation, which can be divided into 3 main groups as follows:

- Knowledge, expertise, or experience in management such as car rental business, business of selling used cars, management and organisational management, economic and investment policy formulation, strategy planning, and risk management.
- Knowledge, experience, or specific expertise, in laws, marketing, accounting, with knowledge and understanding of financial statements and accounting standards.
- Knowledge, expertise, or experience in good corporate governance, i.e. corporate governance within the organisation, including the formulation of related policies and guidelines, and treatment of various groups of stakeholders.

6.3 Remuneration of the Directors and Executives

Remuneration of the Directors

The company has specified suitable remuneration for the Board of Directors by considering comparing with the remuneration of directors in the same industry group As well as the Company's operating results and proposals for approval from the shareholders' meeting to pay the Board of Directors' remuneration. The Board of Directors has resolved to present the directors' remuneration at the general meeting of shareholders, and form the agenda of the Board's remuneration as an agenda for approval on an annual basis. In this regard, the 2020 Annual General Meeting of Shareholders held on April 24, 2020 resolved to approve remuneration at the rate of 10% increase in the amount not exceeding 5 million baht.

The Company provided remuneration to the Board of Directors in terms of meeting fee and monthly fee at the amount of Million Baht 2.78 as following:

(In Thousand Baht)

| Name/Position | 2019 | | 2020 | |
|--|-----------------|-----------------|-----------------|-----------------|
| | Meeting Fee | Others | Meeting Fee | Others |
| 1. Mr. Pithep Chantarasereekul Chairman of the Board of Directors | 299.93 | - | 319.97 | - |
| 2. Mr. Pichit Chantarasereekul Director and Managing Director | 290.44 | - | 287.90 | - |
| 3. Mr. Chaiwat Atsawintarangkun The Chairman of the Audit | 335.21 | 318.00 | 333.26 | 337.60 |
| 4. Mr. Karoon Laoharatanun Audit Committee member | 220.38 | 254.00 | 254.08 | 270.08 |
| 5. Mrs. Pahfun Jittmittraparp Audit Committee member | 229.84 | 254.00 | 275.50 | 270.08 |
| 6. Assoc Prof Dr Pasu Decharin * Audit Committee member | 77.27 | 80.86 | - | - |
| 7. Dr Eakapong Tungsrisinguan Director | 86.77 | 173.54 | 157.28 | 270.08 |
| Total | 1,539.84 | 1,081.20 | 1,627.99 | 1,147.84 |

• Remark: According to the resolution of the Board of Directors' Meeting held on April 25, 2019, Assoc Prof Dr Phasu Decharin resigned from the position on April 30, 2019.

Remuneration of the Executives

The Board of Directors, together with the Nomination and Remuneration committee, evaluates the performance of the Managing Director by considering the business performance of the company, the implementation of the policy as received from the Board of Directors based on overall economic and social situation. The Nomination and Remuneration committee will employ such data to consider appropriate compensation in both the short-term and long-term of the managing director, which includes executives in all departments by the remuneration of the executives of the company and its subsidiaries with details as follows.

| | 2019 | | 2020 | |
|--------------------------------|-----------------|-----------------------|-----------------|-----------------------|
| | Number (Person) | Amount (Million Baht) | Number (Person) | Amount (Million Baht) |
| Remuneration of the Executives | | | | |
| - Salary and remuneration | 5 | 11.3 | 5 | 11.9 |
| - Bonus | 5 | 2.8 | 5 | 2.68 |
| - Provident fund | 5 | 0.3 | 5 | 0.36 |
| Total | | 14.4 | | 15.03 |

Corporate Governance

The company has a good, transparent, and socially responsible corporate governance policy which concentrates on cultivating good consciousness and ethics for executives and employees of all levels to the extent of becoming the corporate culture.

Organisation's Long-Term Goal

The company aims to be a car rental company that is with the best service standards in the industry recognized by corporate clients. It also aims to possess at least 15% of the market share and a customer satisfaction level of at least 90%. This makes the company grow continuously and sustainably.

7.1 The Good Governance Policy

The company has written up policy and guidelines for good governance, with emphases on the good governance as guidelines for the board of directors, administrators, and members of staff of the Company to follow, in an effort to promote efficiency in the running of business. The Company also adheres to ethics and transparency policy in its operation, while encouraging adequate auditing to help build confidence amongst shareholders, investors, stakeholders, and all other related parties.

1. Equal and fair treatment to shareholders.
2. Appointment of the company's board of directors based on each member's assigned duty and responsibility. Apart from the board of directors, it also appointed other committees with clear job description and responsibility among the board of directors, audit committee, and managing director.
3. Transparent business operation with disclosure of information in timely manner.
4. Prudent business operation with emphases on risk management, assessment, control, and follow-up on a regular basis.
5. Cultivation of ethical business operation in executives and staffmembers.

The board of directors realised the importance of support given to the employees, executives, and to the board itself so as to be in compliance with the good governance policy constituted by the board of directors. The company also organises on a regular basis communication sessions on good governance and business ethics for employees of all levels in the following channels:

1. Business ethics guidelines
2. Good governance policy handbook
3. The company's web site in the part of investors' relations
4. New employee orientation

Section 1: Rights of shareholders

The Company provides with information pertaining to the business operation at its web site for all shareholders, individual entities, and organisation entities, regardless of the number of shares held and of nationality. When a shareholders' meeting is held, the Company comply strictly with the legal instructions stated in the Public Limited Companies Act.

a) The Company provides sufficient information concerning the shareholders' meeting by delivering of the Meeting's Notice, along with accompanying documents timely (at least 14 days prior to the meeting). The necessary information including date, time, place, and agenda, will all be elaborated in the Meeting's Notice, as well as important information for further decision and document for proxy delegation. Furthermore, the Company will have published such information on its web site prior to shipping the documents to all shareholders.

b) The meeting's chairperson allocates appropriate and sufficient time for the meeting, and will conduct the meeting in accordance with the proposed agenda. During the meeting, the chairperson invites all shareholders to share their opinions and ample opportunities to inquire the meeting about related matters.

c) The chairperson of the board as well as all directors attend and answer questions of shareholders, except in exceptional circumstances that one of the chairpersons could not attend the meeting.

Section 2: Equitable treatment of shareholders

The Board of Directors has a policy to treat all shareholders equitably and fairly by protecting the rights of shareholders and provide convenience to shareholders in exercising of rights in various matters which shareholders are deserved. The Board of Directors has a policy of equitable treatment of shareholders as follows:

a) Each shareholder is provided with information concerning the Company through the Company's web site. They can also contact the Company directly over e-mail and telephone whenever they need some issues addressed or clarified.

b) Each shareholder can appoint a proxy to attend the shareholders' meeting in place of the shareholder. The proxies lawfully appointed by shareholders can also exercise their rights as if they are shareholders themselves.

c) The Company specified that at least half the number of the board of directors must attend the meeting, accompanied with at least one member of the audit committee, by also informing and inviting external auditor and consultants to the meeting. The Company will also set the date, time, and venue for the meeting based on convenience of the shareholders.

Section 3: Roles of stakeholders

The Company will ensure equality of rights of stakeholders in all groups -- members of executives, shareholders, competitors, suppliers, creditors, debtors, public and private agencies, and communities -- for these individuals or entities will help forging stability in the Company's operations, employment, and finally financial position. Therefore, in addition to the duties and responsibilities towards the Company's shareholders, the board of directors are also aware of the importance of reasonable treatments of all stakeholders, to ensure that they are protected and equally treated according to the law.

Shareholders

The Company focuses on appropriate returns to shareholders by performing appropriate actions to consistently maintain and increase results of the business operations, as well as internal control system appropriate and sufficient to protect the interests of the Company and its shareholders.

Customers

The Company recognises the importance of the customers. It focuses, as a result, on customer satisfaction by offering quality service, complete and accurate information pertaining to the Company's business operation, to build understanding and confidence among customers. The Company has also opened up a channel to receive questions and complaints, in order to gain the highest level of satisfaction of the customers.

In 2020, the Company organised customer-relation activities, elaborated below:

| Event | Times | Participants (Company) |
|------------------------------------|-------|------------------------|
| Car performance test By KCAR | 1 | 17 companies |
| KCAR share happiness with children | 1 | 6 companies |
| KCAR "CARE" | | 520 companies |



Employees

The Company selects and recruits its members of staff based on their ability and working experience. It also focuses on continual development of the employees, on opening up opportunities for them to create a stability in their career, including career advancement.

The Company treats all employees equally and provides adequate welfares and benefits:

- *Provident fund: as a reward for their diligence*
- *Uniforms: the Company provides all employees with proper uniforms, including work boots for employees whose job is servicing cars, to promote safety*
- *Annual Health Check-up: to promote health among employees*
- *Against Drugs program within the organization.*
- *The Window of Knowledge: the Company provides for the need of knowledge, by allocating “book corner” for employees to borrow and read at their disposal, including a bulletin board presenting useful information concerning the business, tax, social security, and other related legal issues.*
- *Dining rooms and recreation*
- *Improvement of Skill and Knowledge: the Company consistently organises workshops and training session in several topics in an effort to continuously improve skills and knowledge of the employees. The sessions are both held in premises by external experts or organised as field trip. The Company also encourage inter-departmental exchange of knowledge within the Company.*



In 2020, the company deployed its employees, including directors and executives, to participate in events organised by various organisations in order to improve knowledge and skills, e.g. Training in knowledge in accountancy and tax, Technical training to improve mechanical skills among mechanics with Nissan Motors (Thailand) Training Centre, Executives attending seminars by the Thailand Institute of Directors (IOD).

Employee training record

| Description | 2019 | 2020 |
|---------------------|-------|------|
| Number of employees | 225 | 138 |
| Training hours | 1,350 | 828 |

Health and Safety Statistics

| Average days absent from work of employees | 2019 | 2020 |
|--|------|------|
| Sickness absence (Days/Person) | 2.98 | 2.11 |
| Work related injury and sickness absence (Days/Person) | 0.01 | 0.0 |
| Accident (Times) | 1 | 0 |

Management Executives

The Company realises the importance of management executives as one of the key personage who is driving the business to success. Therefore, a fair structure of remuneration has been created in accordance with the industrial remuneration standard, including welfare and benefits, etc.

Creditors and Trading Partners

The Company is committed to conduct business with all types of suppliers and creditors ethically and fairly by adhering to the commercial terms, mutually-agreed terms and conditions, and to the related law and regulations.

Competitors

The Company treats business competitors fairly and does not conduct unlawful business or violate trading ethics in order to compete with the competitors. The Company is committed to strictly follow commercial terms, mutually-agreed terms and conditions, and to the related law and regulations.

Responsibility Towards Community, Society, and Environment

The Company conducts business by taking the impact against community, society, and environment, into account; including concerns towards and cooperation with community, society, and environment, in accordance with related law and regulations. The Company has disclosed and published the information about Sustainability Report in a separate report and is available for viewing on the company's web site at www.krungthai.co.th



Respect Towards Intellectual Property Policy

The company recognises the ownership and intellectual property rights of other persons. Therefore, in conducting any business that is associated with other person's intellectual property in terms of reproduction, adaptation, or broadcast, the company must have a permission from the righteous owner of such intellectual property.



Section 4: Disclosure of Information and Transparency

The Company focuses on the disclosure of information that is complete, accurate, transparent, timely, and verifiable, to facilitate stakeholders and related parties in monitoring the Company's business operations. The Board of Directors is responsible for the disclosure of the Company's information system financial and non-financial for shareholders, stakeholders to receive equal treatment under the law.

The Company recognises the importance of thorough and transparent disclosure of information concerning the Company's business operations and relevant informations essential to the price of the securities of the Company by disseminating information through the SET Community Portal System, or SCP, and in various media for investors and analysts to receive complete information. The Company also distributes its information through its web site at www.krungthai.co.th. For those who are interested in general information or would like to inquire about additional information, they are welcome to contact the Company at telephone number 02-291-8888.

In 2020, the company presented information and welcomed investors and analysts to be reported on the company's earnings through online channels in the total of 7 sessions. However, due to the coronavirus outbreak, the company's decision to cooperate with the government policy has a few down points that was against the business progress. In this case, investors and analysts have not yet been invited to conduct an inspection visit to the company's business units. Once the situation improves, they will be invited for another visit accordingly.

Disclosure of Significant Financial and Non-Financial Information

- 1) Disclosure of annual and quarterly financial statements shall be validated and reviewed by auditor and approved by the board of directors. The board recognises its responsibility for financial report and guarantees that the information is accurate, complete, true, and reasonable.
- 2) Disclosure of the names and biographies of the members of the board, members of committees, sub-committees, and executives.
- 3) Disclosure of remuneration information of the board of directors and the executives.
- 4) Disclosure of information on shareholding of the company's shares by board members and executives.
- 5) Disclosure of information or transactions that may be associated with conflict of interests.
- 6) Disclosure of roles and duties of each board member, and sub-committees concluded during the past year, e.g. the number of meetings attended.



Section 5: Responsibilities of Directors

The Board of Directors plays an important role in corporate governance for the benefit of the Company, responsible for performance of duties to the shareholders, in possession of leadership and control over the management effectively.

The Company clearly separates the roles and responsibilities between the board of directors and the executives. The board of directors is responsible for setting policies and supervising the operations of the company. Meanwhile, the management of the company is assigned to manage various aspects in accordance with the policy. Therefore, the chairman of the board and the board member shall be treated as two separate individuals. Both positions must be elected by the board of directors in order to appoint the best individual for the job. In addition, the board of directors shall take the responsibility of determining the succession plan of top executives. The plan is reviewed annually with only the presence of members who are non-executive directors.

The chairman of the board shall not be an executive director and shall not take part in the management of the company.

The company assigns the company management executives an authority to operate under the policies related to overall performances, to control the expenditures and the budgets according to the scope as set in the annual plan approved by the board of directors.

Composition and Qualifications of the Board

1. The board is composed of no less than five and no more than 12 directors, half the number of directors present shall be independent directors.
2. Each board member shall be perfectly knowledgeable and expert in operations of the Company. No less than two of the board members shall be knowledgeable in car rental business for operation. No less than one of the board members shall be knowledgeable in accountancy and finance. And no less than one of the board members shall be knowledgeable in legal issues.
3. Each board member shall be meeting the qualifications and not possessing the prohibited characteristics prescribed in the Public Limited Company Act, and not lacking suitability to be confided in being a managerial personage in the business where the general public is investing in, according to the SET and SEC regulations.
4. The Company has published the biographical information of all members of the board in (56-1) and Annual Report (56-2), including on the Company's web site.

Duty and Authority of the Board

As mentioned in section “Duty and Authority of Directors”, 8 subsections altogether.

Duty and Authority of the Audit Committee

The Audit Committee is composed of at least three of the Company's members of the board, in which one-third of the members are knowledgeable in accountancy and finance. Each member of the Audit Committee shall meet the qualifications prescribed by the SEC and SET regulations pertaining to the qualifications of the audit committee. Their duty is to audit and regulate the Company's operations, financial report, internal control, consideration of conflict of interest, as well as the Company's risk management.

The duty and authority of the audit committee is mentioned in subject “Duty and Authority of the Audit Committee” 7 subsections altogether.

Duty and Authority of the Nominating and Remunerating Committee

The duty and authority of the Nominating and Remunerating Committee is mentioned in subject “Duty and Authority of the Nominating and Remunerating Committee”, 3 subsections altogether.

Duty and Authority of the Corporate Governance Committee

The duty and authority of the Corporate Governance Committee is mentioned in subject “Duty and Authority of the Corporate Governance Committee”, 4 subsections altogether.

Duty and Authority of the Risk Management Committee

The duty and authority of the Risk Management Committee is mentioned in subject “Duty and Authority of the Risk Management Committee”, 4 subsections altogether.

Duty and Authority of the Executive Board

The duty and authority of the directors is mentioned in subject “Duty and Authority of the Executive Board”, 8 subsections altogether.

Policy on Directors and Top Executives Holding Directorship in Organizations outside the Company

The Board of Directors has set a limit to the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company’s best interests as it helps ensure that directors have time sufficient to fulfill their duties. The Board of Directors has agreed to prescribe that each director should hold directorship in a maximum of five other listed companies. The Board of Directors has followed this policy strictly, and none of the directors currently hold directorship in over five other listed companies. In addition, The Company has a guideline in case the President & CEO is appointed as the director of another company. The matter will be proposed to the Board of Directors for approval and private organizations that are established for trading purposes but present no conflicts of interest and do not consume time to the extent that it is disadvantageous for the Company.



Performance Evaluation of Directors

The company provides an evaluation of performance and reviews the performance of the directors at least once a year. The evaluation is divided into the assessment of the performance of the entire board (as a whole), and the assessment of their own performance (self-assessment). By the performance evaluation, The Board of Directors shall analyse and found conclusions to determine measures to improve the performance of the Board of Directors.

As for the evaluation process, the Corporate Governance Committee and the Nomination and Remuneration Committee will consider the following:

- Performance evaluation of the entire board.
- Performance evaluation of all sub-committees

and questionnaires for information needed to increase knowledge and ability in performing duties of directors before proposing to the Board of Directors for consideration.

The Company Secretary submits the evaluation form to all directors to evaluate the performance of all sub-committees in which they hold the leading position. After that, the Company Secretary summarises and present the results to the Board for them to supervise and oversee the business and the Nomination and Remuneration Committee and the Board of Directors for acknowledgment before submitting the results to the Chairman and the Presidents of sub-committees.

In the year 2020, the results of the performance evaluation of the Board of Directors and Sub-Committees is summarised as follow :

| Board of Directors/ Sub-committees | Performance Assessment Results (As a Whole) (%) | Performance Assessment Results (Self-Assessment) (%) |
|---------------------------------------|--|---|
| 1. The Board of Directors | 90 | 90 |
| 2. The Audit Committee | 91 | 89 |
| 3. The Remuneration Committee | 91 | 91 |
| 4. The Corporate Governance Committee | 91 | 91 |
| 5. The Risk Management Committee | 89 | 89 |

Evaluation of the Managing Director and Senior Management

The Board of Directors, together with the Nomination and Remuneration Committee, assesses the performance of the Managing Director and senior management. By considering the business performance of the company's operation according to the policy received from the Board of Directors, combined with the overall economic and social situation. The Nomination and Remuneration Committee then uses the information in determining the remuneration of the managing director and senior management, which would be proposed to the Board of Directors, by taking in mind the current year's data against historical data in various factors as follow:

1. Compare the results of the business with those of same industry.
2. The ability to develop business and improve operational efficiency for each year.

Development of knowledge for directors

The Board of Directors encourages the training and education for those involved in the corporate governance system of the company, such as directors, members of the Audit Committee, independent directors, etc. by participating in training with the Stock Exchange of Thailand, Thai Institute of Directors Association, Securities and Exchange Commission for effective management and in accordance with the good corporate governance principles. In 2020, there were persons involved in the corporate governance system having attended courses or participated in the seminar activities as follows:

| No | Attendees | Topics of Training/Seminar/Workshop |
|----|------------------------------|---|
| 1 | Mr. Chaiwat Atsawintarangkun | <ul style="list-style-type: none"> ▪ IAASB’s work plan and value of the audit to the users of financial statements ▪ Guidance improving NPAE “Impact accounting and the public” ▪ TFRS16 ▪ Responsibilities of accounting and auditors Anti-Money Laundering Act ▪ Writing the NPAES Auditor's Report ▪ NPAES audit ▪ TFRS 9 simplified approach to measuring expected credit losses ▪ Fraud risk and control in the new normal age ▪ Analysis and application in forensic accounting ▪ TFRSs financial instruments ▪ Recognition of TFRS15 with the Code of Revenue ▪ Discussion paper- Business combination, disclosures, goodwill and impairment ▪ ISQM ▪ Discussion on business adaptation after the COVID crisis ▪ TSA540 : Accounting estimate ▪ Workshop seminar "Fund-Forward Sustainability" |
| 2 | Mr. Pichit Chantarasereekul | <ul style="list-style-type: none"> ▪ SML Security Management Program’2 |



Orientation Director Induction Orientation

On the occasion of changing directors, the director who takes the new position for the first time shall be given an orientation for the benefit of new directors. The orientation includes the introduction of the business nature of the company, guidelines for business operations, as well as providing external training courses related to director's works.

Leadership

The Board of Directors sets the policy, strategy, and goals, as well as budgeting to increase work efficiency for maximum benefit to the business by monitoring the performance of the management to be in accordance with various plans including determining and separating roles, duties and responsibilities between the Board of Directors Executive Committee, Executives, Employees and related parties. In addition, the Audit Committee must also be designated as the supervisor over Internal Audit Department, company's operations, and evaluation of work, as well as the internal control system sufficient for the business. The Board of Directors also supervise to have appropriate risk management in order to fully benefit the company.

Conflict of Interest

Although the Company is composed of the Board of Directors, the management and executive bodies, as well as all parties of employees, some of which are also holding shares of the Company. The Company's operation policy aims at the interest of the corporation as a whole, particularly decisions on issues that are a risk to create conflict of interests. The Company policy is prescribed that members of the board, and management executives who are also shareholders of the Company do not have the right to vote on conflict-of-interest oriented issues in order to bring about more independent decisions. The decisions are to be announced publicly, e.g. in financial statement, and in the annual report form 56-1, for the sake of transparency. As for the use of inside information, the Company is required to report any change of its share composition and ownership to the Securities and Exchange Commission under Section 59 of the Securities and Exchange Act of B.E. 2535. In addition, disclosure of inside information to unrelated or third parties, nor change in the structure of shares is allowed before the dissemination of the Company's financial statement.

Business Ethics

The Company has established its code of conduct according to the business ethics as guidelines for the Board of Directors, the management executives, and working parties, to conduct the business operation with fairness and honesty. The Company firmly believes that the good governance will elevate the standard of governance in the Company, as well as promote confidence amongst investors in the capital market.

7.2 Other Good Governance

(1) Directors Structure

The Company has total 6 directors as listed as follows:

| Name | Executive Parent Company/Director | Executive Subsidiary Company/Director | Audit Committee Member | Independent Audit Committee Member |
|---------------------------------|-----------------------------------|---------------------------------------|------------------------|------------------------------------|
| 1. Mr. Pithep Chantaraseekul | / | / | | |
| 2. Mr. Pichit Chantaraseekul | / | / | | |
| 3. Mr. Chaiwat Atsawintarangkun | | | / | / |
| 4. Mr Karoon Laoharatanun | | | / | / |
| 5. Mrs.Pahfun Jittmittraparp | | | / | / |
| 6. Dr Eakapong Tungrsisanguan | / | | | |
| Total | 3 | 2 | 3 | 3 |

Independent Directors and Audit Committee consists of 3 persons: 1) Mr Chaiwat Aswintrangkun, 2) Mr Karun Laoharachatanan, 3) Ms Phafan Jitmitraphap, or the half of the total number of directors. The company has complied with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand regarding the number of independent directors and audit committee that require the number of independent directors to be one-third of the number of directors in the entire board, which must not be less than 3 people. The company has a total of three independent directors audit committee members according to the above rules.

(2) Aggregation or Segregation

The Chairman of the Board of Director must not be the same person as managing director because both of them are representative of the same shareholders group and also being the major shareholders. Therefore, there is the policy when they make the important decision; it's required to pass resolution from all director groups in the important making decision. Therefore the important decision making shall be approved by the resolution of all groups of directors especially for the Audit Committee to provide independent opinion in order to balance and review the management process.

(3) Remuneration of Directors, Executives Committee and Executive

The company determines the remuneration of the directors and senior management so as to be in the average level of the same industry, by taking into account the duties and responsibilities that the directors are responsible, including being able to take care and maintain the directors with the required qualifications. The top executives will receive compensation by considering the appropriate compensation, both in short and long terms by proposing to the Board of Directors by looking at the current year's data and comparing historical data on various factors including the overall operating results of the company. The determination of such remuneration will be considered and screened by the Nomination Committee, who determines compensation. In this regard, the Company requires the disclosure of compensation and remuneration policies for directors and senior executives in the annual report as prescribed by the Securities and Exchange Commission.

(4) Board Composition

The Board of Directors consists of persons with widely acceptable knowledge and competence, who is an important role in determining the objectives and goals of the company by collaborating with high-level executives to formulate strategies and operating policies for both short and long terms, as well as setting monetary policy, risk management, and organisation overview. They are also responsible for reviewing the company's policies and key plans annually, playing a role in allocating important resources according to goals, as well as supervising the examination ,and evaluate the performance of the company and the performance of the senior management so as to be in accordance with the plan independently. The composition of the board is as follow:

- The Board of Directors consists of at least 6 directors but not more than 8 who may be appointed and removed in the shareholders' meeting. No less than half of the directors must have residence in the Kingdom.
- The Board of Directors consists of not less than half of all independent directors – directors who represent the major shareholders, and directors from the management company.

(5) The Board of Directors' Meeting

The Board meets once every quarter and the relevant documents shall be sent to the directors 7 days in advance to afford the director sufficient to make the proper review and study. There is a secretary who is responsible for the meeting and takes minute of the meeting and filling properly.

However, during the year, if there is the agenda for policy or business issues to be considered, the Company will call an interim Board of Directors meeting as appropriate.

The Chairman independently performs his duty and does not influence or convince other directors during discussions, encourages all directors to discuss and express opinion openly by giving sufficient time .At a Board of Directors' meeting, any director or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. The Board of Directors will vote in the meeting must have at least 2/3 of the total number of directors

In addition, the Company holds a meeting between non-executive Directors without the Management when necessity arises in order to discuss various significant issues and problems concerning management, such as the Board member selection and the succession plan for the executives, to allow non-executive Directors to express their opinions independently. In 2020, a meeting without the Management was held on February 24, 2020.

Meetings of the audit committee may be held as they see fit without presence of executive directors to provide an opportunity for audit committee to discuss questionable issues of the company's business and subjects in the interest of the directors. The meeting may allow the presence of auditor so that he or she can give insights from the accountancy aspect. The meeting shall produce a meeting report for the board of directors.

During year 2019 and year 2020, the Board met total 12 times a year the list of attendance of each of directors is follows:

| Directors | 2019 | | 2020 | |
|---------------------------------|---|-----------------------------|---|-----------------------------|
| | Number of meeting during his/her tenure | Number of meeting to attend | Number of meeting during his/her tenure | Number of meeting to attend |
| 1. Mr. Pithep Chantarasereekul | 7 | 7 | 7 | 7 |
| 2. Mr. Pichit Chantarasereekul | 9 | 9 | 8 | 8 |
| 3. Mr. Chaiwat Atsawintarangkun | 13 | 13 | 12 | 12 |
| 4. Mr Karoon Laoharatanun | 10 | 10 | 11 | 11 |
| 5. Mrs.Pahfun Jittmittraparp | 13 | 11 | 12 | 12 |
| 6. Assoc Prof Dr Pasu Decharin* | 4 | 4 | - | - |
| 7. Dr Eakapong Tungsrisinguan | 4 | 4 | 7 | 7 |

- Remark: According to the resolution of the Board of Directors' Meeting held on April 25, 2019, Assoc Prof Dr Phasu Decharin resigned from the position on April 30, 2019.

(6) Sub Committee

The Board of Directors has appointed Sub Committees to supervise the Company's business. The Audit Committee is one of Sub Committee that has tenure not over than 3 years, consisting of at least 3 independent directors who are not the executive. However, in the future, the Board of Directors may appoint the Sub Committee of remuneration, nomination and others as appropriated and needed.

(7) Monitor and Internal Control System

The Company set an Internal Audit Function to be responsible for the internal control system and audit the significant transactions regularly to ensure that there is the efficiency system and support the reliability of the financial statement. In addition the Audit Committee also reviews the efficiency of the internal system including the operation and compliance control for risk management and focus on the any unusual transactions.

In 2020, the Company hired JR Business Advisory Company Limited to review the internal control of the Company, whose representative is Miss Wanida Kanjanasantisak, with authorised internal auditor n° 527, appointed by the company to perform duties as the head of internal audit.

Educational background

- Bachelor of Business Administration (Accounting), Ramkhamhaeng University
- Master of Business Administration (General Management), Ramkhamhaeng University

Work Experience

- 14 years of audit work: examining and evaluating internal control system to find business risks and plan the business audit in real estate, construction industry, transportation service, printing business, and manufacturing industry
- 20 years of accountancy expertise
 - Tax planning work of the manufacturing industry, construction industry, and various service businesses.
 - Improvement and design of industrial cost accounting system, cost of work, purchasing system, and product accounting system.
 - Analysis of the plan of the work system, including standard costs and actual costs.
 - Plan analysis, budgeting, and cash flow estimation.
 - Experience in verifying accounting data and financial information.
- Training
 - Certificate of Internal Auditor License - CPIAT 527.
 - Certificate of Internal Auditor - CAC-SME-IOD.
 - Curriculum for CFO - Class 8, the Federation of Accounting Professions under Royal Patronage.
 - Modern Manager Course, Class 11, Faculty of Commerce and Accountancy, Chulalongkorn University.
 - Anti-Corruption Course: The Practical Guide (ACPG), Class 17/2015.
 - CPIAT Course, Class 43

(8) Report of the Board of Directors

The Board of Directors is responsible for the Company's financial statement and financial information which discloses in the annual report (Form 56-2), the annual registration statements (Form 56-1). These financial statements have been prepared in accordance with Thai Financial Reporting Standards. The Company selects the appropriate accounting policies and uses these policies consistently and discrete with carefully as well as sufficient disclosed the significant information in the note to financial statements.

(9) Investors Relationship

The Board of Directors focuses on the important in disclose the finance and non-finance information therefore the Company has a policy to disclose correctness, completeness, on timely basis and transparency in accordance with the standards and regulations of The Stock Exchange of Thailand. The Company will present this information to all shareholders, investors and stakeholders equally in order to understand the Company clearly and correctly then people will accept the Company and being interested to invest. Moreover, the Company will receive the good public view which is the one target and strategy of the Company.

(10) Information Disclosure and Transparency

The Company places importance on the disclosure of information accurately, completely, transparently and freely both for financial statements and general information, and also other information that would impact the price of the Company property. And to ensure that the investors and all other related parties have free access to the information, these information are to be publicised through different media channels such as website of the Stock Exchange of Thailand, the annual registration statements (form 56-1), the annual report.

Protection of Inside Information Usage for Executives

The Company has a policy and procedure for using the inside information especially, the information which has not disclosed to public yet to protect the seeking for their own interests as well as for securities trading benefits as followings:

- 1) To educate the directors and executives in all functions about the responsibility to report the each person's securities holding and the holding of securities by his/her spouse and minor children to the Securities Exchange Commission and The Stock Exchange of Thailand under the section 59 and penal provision under section 275 notified in Securities and Exchange Act, B.E. 2535.
- 2) The Company assigns the executives to report the change in securities holding to the Securities Exchange Commission and The Stock Exchange of Thailand under the section 59 notified in Securities and Exchange Act B.E. 2535 and to submit the copy report to the Company in the same day of submission report to the Securities Exchange Commission and The Stock Exchange of Thailand.
- 3) The Company will send the memorandum to inform the executives who receives the significant inside information which will affect to the change in securities price to refrain trading in securities for the period of one month before the financial statement and inside information public and prohibit disclosing this significant information to any other persons

The company has set the penalty by nature as appropriate however the Company will use the maximum penalty if it is proven that the executives or other related party use the internal information or behave in a way that make the Company or shareholders being damaged and ruin. The maximum penalty is the dismissal from the Company without any compensation.

Business Ethics

The Company intends to operate the business with integrity, ethics, compliance with the law, and the responsibility for the overall economy and the society, by adhering to the following virtues: honesty, justice, transparency, and benefits for shareholders and stakeholders – as a good practice. The company, therefore, has written up a set of ethical guidelines for executives and employees of all levels to adhere to, to disseminate a good image of the company in order to gain society's confidence. The business approach is as follows.

- The Company operates legal business, does not engage in unlawful business operations, and encourage employees to abide by the law.
- The Company operates its business with integrity, including accurate accounting records. It also spends budget economically and with transparency, while evaluating investment projects with honesty, accuracy, and transparency within the set principles.
- The company strongly believes that honesty, ethics, and virtue are the foundation of sustainable business operation.
- The company only conducts and supports the conduct of lawful activities and transactions according to the organisation's ethical principles.

7.3 Anti-Corruption Policy

The company realises the importance of the business operations under good governance principles by putting emphasis on honesty, transparency, responsibility, and awareness of rules and regulations set by the law and by relevant standards. The company decided to sign up for the “Alliance of Anti-Corruption Practices in Private Sector” to express the company’s determination to eradicate any forms of corruption.

To guarantee that the company has laid out a series of policy to set responsibilities, procedures, and regulations on appropriate actions to prevent any corrupted activities in the company’s business transactions. And to prevent the risk of corrupted activities, the company has written up a set of “Anti-Corruption Guidelines” to express clear policy in operating business, so that the company advances itself to the promising sustainable development.

This report only reveals certain parts of the “Anti-Corruption Policies”, the full article on anti-corruption policies are available for viewing on the company’s web site www.krungthai.co.th



7.3.1 Definition

“Corruption” means bribery of any forms offered by promising to give, deliberately offering, or asking for money or other benefits other than those specified in the code of conducts for government and private sector workers, or for persons of direct and indirect authority, to coerce or force person or persons to wrongly refraining to perform duties so that the business can go on as planned, so that the business is referred to by suggestion, or so that the business can secure its wrongly-earned benefits. The code of conducts can be exempted on the exception of the law, regulations, announcement, rules, traditions, local traditions, or trading customs.

7.3.2 Responsibilities

- 1) **Member of the Board of Directors** have the duties to prescribe policies, ensure that the operations happen, and supervise the efficient anti-corruption system so that they can be certain that the executives realize and are aware of the anti-corruption efforts on the level that it has become organizational culture.
- 2) **Member of the Audit Committee** have the duties to inspect the financial report and related accountancy details, internal control system, and the risk management system, to ensure internationally accepted practices, with conciseness, suitability, modernization, and efficiency.
- 3) **Directors, Administrators, and Executives** have the duties to ensure the existence of supporting system for the anti-corruption policy so that the company may be able to communicate with its employees and related persons. They also have duties to revise the policy so that it can be used in any possible changing situations, for example, business conditions, regulations, and rules of the law.
- 4) **Internal Auditors** have the duties to check and inspect that the operations are up to the policy and regulations, protocols, and laws; so that the control system is suitable and sufficient for the possible corrupted activity that may emerge; and report to the Audit Committee.
- 5) **Board of Directors, Executives, and Employees** must carry on their duties within the guidelines stated in the policy. Should they see or witness any wrongdoing or any activity that violates the policy, they are obliged to report to their respective superior through channels specified in the policy.

7.3.3 Regulations and protocols for corruption prevention

General chapter

- 1) Board of Directors, Executives, and Employees of all levels shall adhere to the anti-corruption policy and the ethics by not being engaged in corruption, no matter it is a direct or indirect involvement.
- 2) Employees shall not neglect when they see or witness any misconduct or activity related to the company's operation that can be considered corruption. They are obliged to report to their respective superiors and cooperate with the inspections. Questions can be asked through their respective superiors or persons appointed to follow up on the ethics through designated channels.
- 3) The company will provide fair treatment and protection to employees who deny or report the suspicious activity related to the company's business operation on the basis of the protection measures for whistleblowers or reporters of corrupted activity.
- 4) The company provides sufficient and appropriate internal control on a timely basis to prevent employees from veer off from the regulations, especially on the departments of sales, marketing, and purchasing.
- 5) Those found to have committed misconduct or corruption are considered to have violated the company's code of ethics and shall be considered for disciplinary penalties according to the company's rules, plus civil penalty if the subject is also found to have violated the law.
- 6) The company realizes the importance of spreading words, knowledge, and making understood with other people whose work is related to or can affect the company's business operation, in terms of anti-corruption policy.
- 7) The company is determined to build and preserve the organizational culture that adheres to the principle against corrupted activities toward government and private sectors.

7.3.4 Risk Assessment

The Company emphasises and urges all employees to be aware of actions that may cause corruption risks with analysis of indications and regularly assess the risk of corruption, which is considered one of the risks under regulatory compliance risks. The company has created a preventive work system and determined risk mitigation and control methods, which takes responsibility for follow-up measures, reviewing measures, and evaluation of risk management for employees to use as guidelines to prevent corruption. The system works with the internal audit unit to evaluate and monitor good governance compliance with ethics and anti-corruption policy, and summarising the report to the Board of Directors at least once a year.

7.3.5 Training and Communication

1) Members of the Board of Directors, Executives, and Employees

- a) Members of the Board of Directors, Executives, and Employees shall be trained and instructed continually about anti-corruption policy so that they realise the importance of the policy, especially on many forms of corruption, on risk emerged by involvement in corrupted activity, procedures of reporting of misconduct or suspicious activity.
- b) Members of the Board of Directors, Executives, and Employees shall receive their own copy of the anti-corruption policy or they can find it on the company's intranet, to ensure that everybody acknowledges and understands the anti-corruption policy. Besides, the updated version of the policy can be consulted at the company's web site.
- c) Trainings on the knowledge of this policy shall be a part of the orientation session for new position on the levels of the company's Members of the Board of Directors, Executives, and new employees.

2) Dealer, Business Intermediaries, Distributors of Merchandises and/or Services, and Contractors

The company shall communicate the anti-corruption policy to dealers, business intermediaries, distributors of merchandises and/or services, and contractors from the very beginning of the business relationship or after the business relationship, as appropriate. The company encourages dealers, business intermediaries, distributors of merchandises and/or services, and contractors, to adhere to the same social responsibility standards as the company's.

7.3.6 Whistleblowing and Submission of Petition

Should any Member of the Board of Directors, Executives, or Employees, have doubts or evidence about involvement in any corruption activity by any Member of the Board of Directors, Executives, Employees, or any person who conduct business in the name of the company, they shall report or inform the company accordingly:

- Members of the Board of Directors, Executives, and Employees, can submit petition directly, verbally or in document through the following channels:
 - By phone: 02-291-8888 ext 262 (K. Supichaya Khajornchaikul)
 - By E-mail : supichaya@krungthai.co.th
 - Over the company's web site at www.krungthai.co.th
 - By mail to

Khun Supichaya Khajornchaikul/ Internal Audit
 Krung Thai Car Rent and Lease Public Company Limited
 455/1 Rama III rd, Bang Khlo
 Bang Kho Laem, Bangkok, 10120

- The company will keep the identity of the whistleblower or petitioner a secret and use the information given for the betterment of the company's internal management and operations. It will only disclose the given information upon request by authorised representative of the law enforcement, court order, request of the Security Exchange Commission, or relevant government and authority agencies.
- Whistleblowers and their petitions are to be seriously considered. They will also be protected against unlawful authority and actions to oppose the whistleblowing or petitioning.
- The whistleblowers shall act honestly. If the company finds out that the petition was ill-intentioned, deliberately attacking or defaming others, the company will be forced to take action accordingly.

7.3.7 Investigation and penalties

- 1) When the company is informed about wrongdoing, the management and the auditing committee shall filter, investigate, and find the truth.
- 2) The two committees may appoint a representative (one of the executives) report the findings to the informant or the petitioner on a timely basis.
- 3) If the truth finding finds that the accusation of corruption is well-grounded, the company will give the accused some time to know about the accusation and to prove oneself by presenting counter-evidence that exonerates one from the accusation.
- 4) If the accused was found to have really committed corruption as stated in the anti-corruption policy, the accused shall be punished according to the penalty up to dismissal of employment or dismissal from his or her present position. If the deed in question is considered unlawful according to the law, the accused shall receive punishment as the law requires. The penalties according to the company executives are considered ultimate.

7.3.8 Inspection and Verification

- 1) The company regularly conduct inspection and verification of the policy (at least once a year) by taking into account the changing situations and risks. The findings of the inspection and verification are to be reported directly to the Board of Directors about the results of risk management and suggestions in order to reduce risk factors.
- 2) The inspection division shall regularly conduct inspection of internal control and report the findings in a timely manner so as to ensure efficiency of internal control system in its anti-corruption tasks. The inspection division shall also discuss with relevant personnel to seek appropriate solution, report on the findings directly to the Board of Directors and the Audit Committee accordingly.

7.4 Human Resources

As of December 31, 2020, the Company and its subsidiary had 237 employee , consisted of ;

| Department | | Number of Employees |
|------------|------------------|---------------------|
| 1. | Executive | 7 |
| 2. | Marketing | 82 |
| 3. | Service | 68 |
| 4. | Business Support | 80 |
| | Total | 237 |

During the past three years, there was no nor labor litigation case.

Employee remuneration

In 2019, The Company and Subsidiary paid totaling of Baht 105.75 million, and Baht 93.85 million in 2020, The employee remuneration in the form of salary, wage, overtime, provident fund contributions and others.

Corporate Social Responsibility

The Company has disclosed and published the information about Sustainability Report for the year 2020 in a separate report and is available for viewing on the company's web site at www.krungthai.co.th



Internal Control And Risk Management

The Board of Directors had the opinion that the internal control system of the Company is sufficient and in accordance with the Evaluation Internal Control System of the Securities and Exchange Commission and the Stock Exchange of Thailand, especially the internal control in regarding to the business with the major shareholders directors executives and related parties. The Company has the compact and sufficient internal control as well as the Company has set the Internal Audit function to be responsible for submission the audit report to the Audit Committee. The Internal Auditor has the audit scope and internal operation to make the correct and efficiency in control system and good management.



Related Party Transaction

The Company had transactions with related party which might lead to conflict of interest transactions. The transactions were the transactions with shareholders and/or executives of the Company including the transactions with the related companies which have the same shareholders and executives. These transactions are disclosed in the note to financial statements and audited by the auditor of the Company as well as the disclosure in the Audit Committee Report which can be summarized the relationship and detail of related party transactions as bellows:

| Conflict of Interest Parties | Relationship |
|---------------------------------------|--|
| Thanapat Property Company Limited | <p>Mr. Pithep Chantarasereekul, being authorized director and shareholder represent 13.60% of total issued capital of the Company and being authorized director and shareholder represent 31.11% of Thanapat Property Company Limited</p> <p>Mr. Pichit Chantarasereekul, being authorized director and shareholder represent 13.60% of total issued capital of the Company and being authorized director and shareholder represent 24.44% of Thanapat Property Company Limited</p> <p>Mrs.Wipaporn Chantarasereekul, being authorized director and shareholder represent 20.20% of total issued capital of the Company and being authorized director and shareholder represent 22.22% of Thanapat Property Company Limited</p> <p>Ms.Pimonpan Chantarasereekul, being authorized director and shareholder represent 8% of total issued capital of the Company and being authorized director and shareholder represent 5.56% of Thanapat Property Company Limited</p> <p>Ms.Pimonta Chantarasereekul, being authorized director and shareholder represent 8.09% of total issued capital of the Company and being authorized director and shareholder represent 5.56% of Thanapat Property Company Limited</p> <p>Mr.Pisit Chantarasereekul, being authorized director and shareholder represent 10% of total issued capital of the Company and being authorized director and shareholder represent 11.11% of Thanapat Property Company Limited</p> |
| Siam Nissan Krungthai Company Limited | <p>Mr. Pichit Chantarasereekul, being authorized director and shareholder represent 13.6% of total issued capital of the Company and being authorized director and shareholder represent 25% of Siam Nissan Krungthai Company Limited</p> <p>Mrs. Wipaporn Chantarasereekul, being authorized director and shareholder represent 20.20% of total issued capital of the Company and being authorized director and shareholder represent 2.5% of Siam Nissan Krungthai Company Limited</p> <p>Ms. Pimonpan Chantarasereekul, being authorized director and shareholder represent 8% of total issued capital of the Company and being authorized director and shareholder represent 5% of Siam Nissan Krungthai Company Limited</p> <p>Ms. Pimonta Chantarasereekul, being authorized director and shareholder represent 8.09% of total issued capital of the Company and being authorized director and shareholder represent 5% of Siam Nissan Krungthai Company Limited</p> <p>Mr. Pisit Chantarasereekul, being authorized director and shareholder represent 10% of total issued capital of the Company and being authorized director and shareholder represent 62.5% of Siam Nissan Krungthai Company Limited</p> |
| Toyota Krungthai Company Limited | <p>Mr. Pithep Chantarasereekul, being authorized director and shareholder represent 13.60% of total issued capital of the Company and being authorized director and shareholder represent 60% of Toyota Krungthai Company Limited</p> <p>Mr. Pichit Chantarasereekul, being authorized director and shareholder represent 13.60% of total issued capital of the Company and being authorized director and shareholder represent 19.23% of Toyota Krungthai Company Limited</p> <p>Mrs. Wipaporn Chantarasereekul, being authorized director and shareholder represent 20.20% of total issued capital of the Company and being authorized director and shareholder represent 19.23% of Toyota Krungthai Company Limited</p> <p>Ms.Pimonpan Chantarasereekul, being authorized director and shareholder represent 8% of total issued capital of the Company and being authorized director and shareholder represent 0.38% of Toyota Krungthai Company Limited</p> <p>Ms.Pimonta Chantarasereekul, being authorized director and shareholder represent 8.09% of total issued capital of the Company and being authorized director and shareholder represent 0.38% of Toyota Krungthai Company Limited</p> <p>Mr.Pisit Chantarasereekul, being authorized director and shareholder represent 10.00% of total issued capital of the Company and being authorized director and shareholder represent 0.38% of Toyota Krungthai Company Limited</p> |

| Conflict of Interest Parties | Relationship |
|-------------------------------------|---|
| Carloft Auto Import Company Limited | <p>MissPimonpan Chantarasereekul, being authorized director and shareholder represent 8% of total issued capital of the Company and being shareholder represent 32.50% of total issued capital of Carloft Auto Import Company Limited</p> <p>MissPimonta Chantarasereekul, being shareholder represent 8.09% of total issued capital of the Company and being shareholder represent 16.25% of Carloft Auto Import Company Limited</p> <p>Mr. Pisit Chantarasereekul, being shareholder represent 10% of total issued capital of the Company and being authorized director and shareholder represent 8.13% of Carloft Auto Import Company Limited</p> |
| Mitsu Impresstion Company Limited | <p>Mr. Pithep Chantarasereekul, being authorized director and shareholder represent 13.60% of total issued capital of the Company and being authorized director and shareholder represent 42.5% of Mitsu Impresstion Company Limited</p> <p>Mr. Pichit Chantarasereekul, being authorized director and shareholder represent 13.60% of total issued capital of the Company and being authorized director and shareholder represent 42.5% of Mitsu Impresstion Company Limited</p> <p>Mr.Pisit Chantarasereekul, being authorized director and shareholder represent 10% of total issued capital of the Company and being authorized director and shareholder represent 9.95% of Mitsu Impresstion Company Limited</p> |
| Mrs.Wipaporn Chantarasereekul | Being shareholders represent 20.20% of total issued capital of the Company |
| Mr. Pithep Chantarasereekul | Being authorized director and shareholders represent 13.60% of total issued capital of the Company and daughter of Mrs.Wipaporn Chantarasereekul |
| Mr. Pichit Chantarasereekul | Being authorized director and shareholders represent 13.60% of total issued capital of the Company and daughter of Mrs.Wipaporn Chantarasereekul |
| MissPimonpan Chantarasereekul | Being shareholders represent 8% of total issued capital of the Company and daughter of Mrs.Wipaporn Chantarasereekul |
| MissPimontha Chantarasereekul | Being shareholders represent 8.09% of total issued capital of the Company and daughter of Mrs.Wipaporn Chantarasereekul |
| Mr. Pisit Chantarasereekul | Being shareholders represent 10% of total issued capital of the Company and daughter of Mrs.Wipaporn Chantarasereekul |

9.1 Related Party Transactions

1 List of Leases and Assets leased out Transactions

| Nature | Conflict of Interest Parties | Pricing Policy | Amount (Million Baht) | |
|--|--------------------------------|--|---------------------------|------|
| | | | Period ended December 31, | |
| | | | 2019 | 2020 |
| Leased Assets Transaction | | | | |
| The Company rents the building size 1,490 sq.m. for being Service Center and allocated to be parking space size 3,000 sq.m. located in Rama III Road, Khet Bangkolaem Bangkok. The rental agreement has 3 years life starting from February 20, 2018 to February 19, 2021. The rental revenue is Baht 100,000 per month and the Lessor can adjust the rental revenue not over than 10% in every 3 years period | Siam Nissan Krungthai Co.,Ltd. | Monthly rental fee of 100,000 baht (22.27 baht per square metre per month) | 1.20 | 1.20 |
| The subsidiary company has signed a lease of a plot of land of 187.5 square wa located in Ramindra Road, Kannayao, Bangkok. The rental agreement has 3 years life starting from January 1, 2018 to December 31, 2020. As at July 1,2020, The subsidiary company has signed a new lease of a plot of land of 200 square from July 1, 2020 – May 31, 2021 | Thanapat Property Co.,Ltd | Monthly rental fee of 68,485 baht (Monthly rental fee of 70,000 baht end to June 30,2020) (342.43 baht per square metre per month) | 0.84 | 1.25 |
| The subsidiary company is currently leasing a plot of land of 2,400 sq wa, with the deed number 6567, situated on Phaholyothin road, Senanikhom, Chatuchak, Bangkok, on a 3-year contract dated January 1, 2018 to December 31, 2020. | Toyota Krungthai Co., Ltd. | Monthly rental fee of 105,000 baht (Monthly rental fee of 150,000 baht end to April 2020) | 1.80 | 1.44 |

List of Assets leased out

| | | | | |
|--|--------------------------------|---|------|------|
| The Company has building for rent size 350 sq.m. being Car Showroom located in Rama III Road Khet Bangkolaem Bangkok. The rental agreement has 3 years life starting from February 20, 2018 to February 19, 2021 | Siam Nissan Krungthai Co.,Ltd. | Monthly rental fee of 83,000 baht (237.14 baht per square metre per month) | 1.00 | 1.00 |
| The subsidiary leases office space 1,200 square meters to be used as a car showroom, located on Srinakarin Road, Prawet, Bangkok. The lease contract is 3 years starting from August 1, 2017 to July 31, 2020 As at November 1,2020, Leases office renewal 1 years starting from November 1, 2020 to October 31, 2021 | Carloft Auto Import Co., Ltd. | Monthly rental fee of 225,000 baht (Monthly rental fee of 86,290 baht end to October 2020) (187.50 baht per square metre per month) | 1.04 | 1.31 |

2. Purchasing Assets Transactions

| Nature | Conflict of Interest Parties | Pricing Policy | Amount (Million Baht) | |
|--|---------------------------------------|---|------------------------------|-----------------|
| | | | Period ended December 31, | |
| | | | 2019 | 2020 |
| 1. The company purchased car for being leased out Account payables – Car purchasing | Toyota Krungthai Company Limited | The Company purchased cars at cost price after deduct special discount. | 886.10 57.74 | 624.75 65.85 |
| 2. The company purchased car for being leased out Account payables – Car purchasing | Siam Nissan Krungthai Company limited | The Company purchased cars at cost price after deduct special discount. | 4.46 - | 1.37 - |
| 3. The company purchased car for being leased out Account payables – Car purchasing | Carloft Auto Import Company limited | Market price for major buyer | 73.60 - | 83.27 - |
| 4. The company purchased car for being leased out Account payables – Car purchasing | Mitsu Impression Company Limited | The Company purchased cars at cost price after deduct special discount | 71.37 - | 71.37 - |

3. List of Guarantee for loan from banks

| Nature | Conflict of Interest Parties | Pricing Policy | Amount (Million Baht) | |
|--|------------------------------|----------------|------------------------------|------|
| | | | Period ended December 31, | |
| | | | 2019 | 2020 |
| 1. Mr Pithep Chantarasereekul secured a bank loan for the company with Kbank PCL for an overdraft of 10 million baht. The secured short-term loan was in the form of a promissory note at the amount of 130 million baht, and a letter of guarantee at the amount of 130 million baht. | Mr. Pithep Chantarasereekul | No fee | - | - |
| 2. Mr Pichit Chantarasereekul secured a bank loan for the company with Kbank PCL. The secured loan was in the form of a promissory note at the amount of 80 million baht, and a letter of guarantee at the amount of 100 million baht. | Mr. Pichit Chantarasereekul | No fee | - | - |

The Audit Committee's Opinion

The Audit Committee has the opinion that the above transactions are reasonable and beneficial to the business operation as follows:

1. Leases and Assets leased out Transactions

The Company rents building space for office and service center and leased building out for car showroom in the fair price and reasonable, which can be compared with rental revenue of offices nearby and in the rental revenue rate to premier customers of the operating lease and car leased out companies in fair price and reasonable.

The Subsidiary provide leased land to related parties are under the agreed price. Such related parties responsible for utilities expenses and common area management charges.

The Subsidiary leased land from related parties are under the agreed price. Such the Subsidiary responsible for utilities expenses incurred from land lease.

2. Purchasing Assets Transactions

The transaction is the cars and auto parts purchasing for business operation as the leased out assets with fair price. This price can be compared with other distributors with the normal course of business. Starting from year 2004, the Company has a policy to purchase cars at market price by comparing price with other distributors and purchase the same model with the lowest price or addition option with the highest value.

3. Guarantee for loan from banks transactions

The transactions are reasonable and they are the condition for borrowing money from the Commercial Banks which is considered to be the highest benefit to the Company with no fee charges for the guarantee from the loans for purchasing leased out cars and loans for the liquidity of the Company.

9.2 Necessary and Reasonable of the Related Party Transactions

1. Leases and Assets leased out Transactions

- The Company rented the building for being Service Center from Siam Nissan Krungthai Company Limited and allowed Siam Nissan Krungthai Company Limited rented some part of the building for distributing Nissan Cars. The both buildings located in the same area in Rama III Road. The Company owns the right of the lease space in front of the main road and Siam Nissan Krungthai Company Limited owns the right of the lease space at the back side. Later on the Company has expanded the business therefore the Company additional rented the back space to be Service Center and Siam Nissan Krungthai Company Limited rented some part of the front space to be Showroom with the fair price which can be compared with the rental space of the offices nearby. The Company is necessary to do this transaction because this agreement occurred before the Company is listed in the Stock of Exchange of Thailand. The agreement notified that the Company will use the land in the front side for construction office building and Siam Nissan Krungthai Company Limited will use the land at the back side for construction repairing cars service center. Later on the Company has expanded the business, the Company has addition used the office space at the back side for customer services area. Therefore the Company rented that space from Siam Nissan Krungthai Company Limited and in the meantime Siam Nissan Krungthai Company Limited rented the front side to be used for parking areas of selling cars for the showroom of Nissan Car distributors. This is the consequence from the past agreement and will continue throughout 10 years agreement and ended at 19 February 2018. However there is extended this agreement and will end on 19 February 2021.
- Subsidiary leased land to be Toyotasure Krungthai Showroom, Sri Nakarin Branch and the branch office. And this subsidiary leases some part of land to Carloft Auto Import Co., Ltd. for being showroom for selling imported cars. Both of buildings are located in the same area on Sri Nakarin Road and the rental revenue are under the agreed upon. Such related parties are responsible for utilities expenses and common area management charges.
- The subsidiary leased the land for use in selling cars at Ramindra Road from Thanapat Property Company Limited, and the rental revenue are under the agreed upon. Such related parties responsible for utilities expenses and common area management charges.
- The subsidiary leased the land for use in selling cars at Phaholyothin Road from Toyota Krungthai Company Limited, and the rental revenue are under the agreed upon. Such related parties responsible for utilities expenses and common area management charges.

2. Purchasing Assets Transactions

The Company purchased cars, auto parts and tools from Siam Nissan Krungthai Company Limited and Toyota Krungthai Company Limited for its business operation with the fair price which can be compared to other distributors. In the future, if there is the addition related party transactions of purchasing assets, the Company will assign the Audit Committee to consider the price whether this transactions is needed and reasonable in order to be the highest benefits to the Company and shareholders. The Company expects that these related transactions will occur again because the Company has the policy for customer to select the brand of the cars while the Company will allow other distributors to propose the price for competition. The distributor that offers the best package will be selected.

3. Guarantee for loan from banks transactions

Mr. Pithep Chantaraseekul and Mr. Pichit Chantaraseekul are the guarantors for the short-term loans and long-term loans from the Commercial Banks with no fees charged. The Company has the necessary to have the capital for business operations therefore the major shareholders group has to support this borrowing from the Commercial Banks. The Company will operate in the fair deal if the guarantee fee charged is involved. The Company will use the fair and competitive price with market which this price has to be approved by the resolution from the Audit committee. However, the major shareholders group has the policy to support the borrowing with no fees charged.

Measures and Procedures of Transaction Approval

The company has laid out a set of measures and procedures of transaction approval by disallowing the company's executives and stakeholders into the approvals of transaction. The company has appointed the Audit Committee to take part and give professional opinions on the appropriateness of each transaction. As for the policy of transaction-making between the company and person(s) with possibility of conflict of interest, the company shall clearly designate transaction detail, price, and related conditions so that the Audit Committee can verify and disclose such information in the actual financial remarks. The company also set the code of conducts in transaction-making for normal business operation as follow:

1) Trade transaction under normal business operation with general trade conditions

- *Limitation of Financial Amount in Long-Term Lease Agreements*

| Limitation of Financial Amount | Authorised Person in Normal Trade Transaction | |
|---|--|--|
| | Transaction with Third-Party | Transaction with Person with Conflict of Interest |
| Less than 6 million baht | Manager/Senior Marketing Manager and Legal Manager | Manager/Senior Marketing Manager and Legal Manager |
| More than 6 million baht to less than 20 million baht | Senior Assistant Managing Director | Senior Assistant Managing Director |
| More than 20 million baht to less than 50 million baht | Managing Director | Managing Director |
| More than 50 million baht to less than 100 million baht | Executive Committee | Executive Committee |
| More than 100 million baht | Board of Directors | Board of Directors |

- *Limitation of Financial Amount in Purchasing Assets*

| Limitation of Financial Amount | Authorised Person in Normal Trade Transaction | |
|---|--|--|
| | Transaction with Third-Party | Transaction with Person with Conflict of Interest |
| Less than 6 million baht | Manager/Senior Marketing Manager and Legal Manager | Manager/Senior Marketing Manager and Legal Manager |
| More than 6 million baht to less than 20 million baht | Senior Assistant Managing Director | Senior Assistant Managing Director |
| More than 20 million baht to less than 50 million baht | Managing Director | Managing Director |
| More than 50 million baht to less than 100 million baht | Executive Committee | Executive Committee |
| More than 100 million baht | Board of Directors | Board of Directors |

The company shall organise a meeting of Audit Committee to conduct preliminary approval prior to the transaction-making, and organise an approval session through a meeting of the Board of Directors and the Audit Committee to ensure fair approval of transaction-making with appropriate pricing policy where certain Board of Directors with conflict of interest are not allowed to vote in the meeting. If the Audit Committee is found to not have the suitable capability to consider or approve certain transactions, the company shall hire an independent expert to give professional opinions on the transaction in question to the Audit Committee, Members of the Board of Directors, or shareholders accordingly.

9.3 Policy and Trends of Future Transactions

The company has laid out a set of policy for future transactions by setting rules and regulations according to the actual trade in market prices comparable to prices quoted by third party. The company shall involve the Audit Committee or independent experts in the consideration to ensure reasonable prices and appropriateness of the transaction for the sake of transparency, in line with the good governance policy.

As for future transactions, the company shall conduct according to the laws, decrees, or announcements on securities and exchange constituted by the Stock Exchange of Thailand. The company shall also conduct in compliance with the regulations about disclosure of transaction and the sources and targets of funds which are considered prominent assets of the company or the subsidiary company.

In case that Audit Committee and/or Independent Director has no experiences or expertise on any connected transaction arises, the Company would seek independent counselor or authorized auditor to give the opinion for such transaction and propose to Board of directors or Shareholders' meeting as deemed necessary. The company would disclose any connected transaction in the note to audited financial statement.



Operating Results and Financial Status

10.1 Summary operating results and financial status

Independent Auditor's Report

2017 Miss Sulalit Ardsawang

Certified Public Accountant

Registration No. 7517

Dharmniti Auditing Company Limited

2018-2020 Miss Soraya Tintasuwan

Certified Public Accountant

Registration No. 8658

Dharmniti Auditing Company Limited

The accompanying financial statements present fairly, in all material respects in accordance with Thai Financial Reporting Standards.



Summary of Financial Information

| Transaction | 2018 | | 2019 | | 2020 | |
|--|--------------|--------|--------------|--------|--------------|--------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| STATEMENT OF COMPREHENSIVE INCOME (Million Baht) | | | | | | |
| Income on car leases | 1,199.37 | 57.62 | 1,271.55 | 64.61 | 1,297.12 | 59.14 |
| Income on sale of cars | 824.74 | 39.62 | 640.66 | 32.56 | 815.20 | 37.17 |
| Other income | 57.32 | 2.75 | 55.70 | 2.83 | 81.08 | 3.69 |
| Total expenses | 1,791.05 | 86.05 | 1,714.00 | 87.10 | 1,920.15 | 87.54 |
| Profit before income tax expenses | 290.38 | 13.95 | 253.91 | 12.90 | 273.25 | 12.46 |
| Finance cost | 80.34 | 3.86 | 84.89 | 4.31 | 90.30 | 4.12 |
| Income tax expenses | (43.92) | (2.11) | (51.80) | (2.63) | (38.30) | (1.75) |
| Profit for the year | 253.96 | 12.20 | 220.82 | 11.22 | 221.25 | 10.09 |
| STATEMENT OF FINANCIAL POSITION (Million Baht) | | | | | | |
| Total assets | 4,832.58 | 100.00 | 5,530.70 | 100.00 | 5,416.02 | 100.00 |
| Total liabilities | 2,805.22 | 58.05 | 3,475.32 | 62.84 | 3,288.64 | 58.91 |
| Total shareholders' equity | 2,027.36 | 41.95 | 2,055.38 | 37.16 | 2,128 | 41.09 |
| Authorized share capital (Million shares) | 250.00 | | 250.00 | | 250.00 | |
| Book value per share | | | | | | |
| Profit (Loss) per share (Baht) | 1.02 | | 0.88 | | 0.88 | |
| Dividends per share (Baht) | 0.95 | | 0.76 | | 0.56 | |
| KEY FINANCIAL RATIOS | | | | | | |
| Gross Profit Margin (Excluding Profit on Sale of Rental Assets) | 17.03% | | 15.97% | | 11.69% | |
| Gross Profit Margin (Including Profit on Sale of Rental Assets) | 21.62% | | 20.56% | | 17.80% | |
| Operating Margin | 13.95% | | 12.90% | | 12.46% | |
| Net Profit Margin | 12.20% | | 11.22% | | 10.09% | |
| Return on Assets (ROA) | 4.27% | | 3.26% | | 3.49% | |
| Return on Equity (ROE) | 12.57% | | 10.82% | | 10.58% | |

STATEMENT OF FINANCIAL POSITION

| Transaction | AS AT DECEMBER 31, 2018 | | AS AT DECEMBER 31, 2019 | | AS AT DECEMBER 31, 2020 | |
|-----------------------------------|-------------------------|--------------|-------------------------|---------------|-------------------------|---------------|
| | Baht | % | Baht | % | Baht | % |
| Cash and cash equivalents | 89,863,500 | 1.86 | 86,370,717 | 1.56 | 39,190,906 | 0.72 |
| Other current financial assets | 21,084,850 | 0.44 | 59,087,104 | 1.07 | 13,392 | 0.00 |
| Trade and other receivables | 181,998,519 | 3.77 | 167,788,007 | 3.03 | 201,177,828 | 3.71 |
| Prepaid insurance premium | 55,008,409 | 1.14 | 58,946,420 | 1.07 | 58,781,410 | 1.09 |
| Inventories | 165,406,879 | 3.42 | 235,020,277 | 4.25 | 145,796,305 | 2.69 |
| Other current asset | 68,422,966 | 1.42 | 86,793,823 | 1.57 | 36,576,094 | 0.68 |
| Total current assets | 581,785,123 | 12.04 | 694,006,348 | 12.55 | 481,535,935 | 8.89 |
| Fixed deposit using for guarantee | 58,004,833 | 1.20 | 50,020,937 | 0.90 | 50,021,041 | 0.92 |
| Assets-for-leases | 3,794,378,638 | 78.52 | 4,291,693,319 | 77.60 | 4,263,391,121 | 78.72 |
| Property, plant and equipment | 177,228,345 | 3.67 | 176,096,632 | 3.18 | 173,688,616 | 3.21 |
| Intangible assets | 6,477,305 | 0.13 | 8,698,743 | 0.16 | 12,483,617 | 0.23 |
| Leasehold right | 13,917,514 | 0.29 | 10,657,946 | 0.19 | 87,570,731 | 1.62 |
| Deferred tax assets | 56,271,001 | 1.16 | 110,654,624 | 2.00 | 151,699,139 | 2.80 |
| Other non-current asset | 144,518,264 | 2.99 | 188,871,821 | 3.41 | 195,627,292 | 3.61 |
| Total non-current assets | 4,250,795,900 | 87.96 | 4,836,694,022 | 87.45 | 4,934,481,557 | 91.11 |
| Total assets | 4,832,581,023 | 100 | 5,530,700,370 | 100.00 | 5,416,017,492 | 100.00 |

STATEMENT OF FINANCIAL POSITION (CONT.)

| Transaction | AS AT DECEMBER 31, 2018 | | AS AT DECEMBER 31, 2019 | | AS AT DECEMBER 31, 2020 | |
|--|-------------------------|--------------|-------------------------|--------------|-------------------------|--------------|
| | Baht | % | Baht | % | Baht | % |
| Bank overdrafts and short-term loans from financial institutions | 71,682,078 | 1.48 | 41,880,057 | 0.76 | 120,000,000 | 2.22 |
| Bill of exchange | 39,880,775 | 0.83 | 199,669,730 | 3.61 | - | - |
| Trade and other payables | 84,977,881 | 1.76 | 73,789,227 | 1.33 | 75,099,125 | 1.39 |
| Accounts payable-purchase assets for leases | 182,215,161 | 3.77 | 141,209,004 | 2.55 | 119,142,580 | 2.20 |
| Current portion of debentures | - | - | 549,836,003 | 9.94 | - | - |
| Current portion of long-term loans from financial institutions | 384,178,043 | 7.95 | 257,534,391 | 4.66 | 242,707,938 | 4.48 |
| Current portion Liabilities under financial lease agreements | 62,315,758 | 1.29 | 48,685,489 | 0.88 | 81,046,941 | 1.50 |
| Accrued income tax | 228,283 | 0.00 | - | - | - | - |
| Other current liabilities | 10,183,159 | 0.21 | 9,017,243 | 0.16 | 8,956,699 | 0.17 |
| Total current liabilities | 835,661,138 | 17.29 | 1,321,621,144 | 23.90 | 646,953,283 | 11.94 |
| Debentures | 1,148,375,030 | 23.76 | 1,298,049,908 | 23.47 | 1,398,578,175 | 25.82 |
| Long-term loans from financial institutions | 702,843,389 | 14.54 | 763,340,199 | 13.80 | 837,239,811 | 15.46 |
| Liabilities under financial lease agreements | 51,632,288 | 1.07 | 2,928,508 | 0.05 | 273,596,768 | 5.05 |
| Deposits for car lease from clients | 54,451,264 | 1.13 | 73,076,052 | 1.32 | 106,174,710 | 1.96 |
| Employee benefit obligations | 12,255,423 | 0.25 | 16,308,992 | 0.29 | 26,101,886 | 0.48 |
| Total non-current liabilities | 1,969,557,394 | 40.76 | 2,153,703,660 | 38.94 | 2,641,691,350 | 48.77 |
| Total liabilities | 2,805,218,532 | 58.05 | 3,475,324,804 | 62.84 | 3,288,644,633 | 60.72 |

STATEMENT OF FINANCIAL POSITION (CONT.)

| Transaction | AS AT DECEMBER 31, 2018 | | AS AT DECEMBER 31, 2019 | | AS AT DECEMBER 31, 2020 | |
|---|-------------------------|--------------|-------------------------|---------------|-------------------------|---------------|
| | Baht | % | Baht | % | Baht | % |
| Issued and paid-up share capital | 250,000,000 | 5.17 | 250,000,000 | 4.52 | 250,000,000 | 4.62 |
| Premium on share capital | 162,450,370 | 3.36 | 162,450,370 | 2.94 | 162,450,370 | 3.00 |
| Retained earnings | | | | | | |
| – Appropriated - legal reserve | 30,000,000 | 0.62 | 30,000,000 | 0.54 | 30,000,000 | 0.55 |
| – Unappropriated | 1,584,902,092 | 32.80 | 1,612,899,691 | 29.16 | 1,685,813,380 | 31.13 |
| Gain from investment in available- for-sale | 10,029 | 0.00 | 25,505 | 0.00 | - | - |
| Loss from remeasuring of derivatives instruments | - | - | - | - | (890,891) | (0.01) |
| Total shareholders' equity | 2,027,362,491 | 41.95 | 2,055,375,566 | 37.16 | 2,127,372,859 | 39.28 |
| Total liabilities and shareholders' equity | 4,832,581,023 | 100 | 5,530,700,370 | 100.00 | 5,416,017,492 | 100.00 |



STATEMENT OF COMPREHENSIVE INCOME

Unit : Baht

| Transaction | Consolidated financial statements | | | | | |
|-------------------------------------|-----------------------------------|--------------|----------------------|--------------|----------------------|---------------|
| | 2018 | % | 2019 | % | 2020 | % |
| Income on car leases | 1,199,371,064 | 57.62 | 1,271,548,669 | 64.61 | 1,297,121,143 | 59.14 |
| Income on sale of cars | 824,743,626 | 39.62 | 640,658,977 | 32.56 | 815,200,216 | 37.17 |
| Other income | 57,314,674 | 2.75 | 55,704,199 | 2.83 | 81,080,889 | 3.69 |
| Total income | 2,081,429,363 | 100 | 1,967,911,845 | 100 | 2,193,402,248 | 100.00 |
| Cost of car leases | 995,091,699 | 47.81 | 1,068,434,234 | 54.29 | 1,145,475,565 | 52.22 |
| Cost of sales of cars | 591,334,316 | 28.41 | 450,621,365 | 22.90 | 590,751,406 | 26.93 |
| Selling expenses | 204,625,497.13 | 9.83 | 194,945,066 | 8.80 | 183,927,053 | 8.39 |
| Finance cost | 80,343,313 | 3.86 | 84,891,940 | 4.31 | 90,303,052 | 4.12 |
| Total expenses | 1,871,394,825 | 89.91 | 1,798,892,605 | 91.41 | 2,010,457,076 | 91.66 |
| Profit before (income) tax expenses | 210,034,538 | 10.09 | 169,019,240 | 8.59 | 182,945,172 | 8.34 |
| (Income) tax expenses | (43,924,533) | (2.11) | (51,802,546) | (2.63) | (38,301,384) | (1.75) |
| Profit for the year | 253,959,071 | 12.20 | 220,821,786 | 11.22 | 221,246,556 | 10.09 |
| Basic earnings per share | 1.02 | | 0.88 | | 0.88 | |

STATEMENT OF CASH FLOWS

Unit : Baht

| Transaction | Consolidated financial statements | | |
|---|-----------------------------------|----------------------|--------------------|
| | 2018 | 2019 | 2020 |
| Cash flows from operating activities | | | |
| Profit before (income) tax expenses | 210,034,538 | 169,019,240 | 182,945,171 |
| Adjustments to reconcile profit before (income) tax expenses to net cash provided by (used in) operating activities | | | |
| Doubtful accounts (reverse) | (1,425,032) | (1,582,599) | 308,996 |
| Depreciation and amortization | 748,433,145 | 829,060,345 | 891,343,671 |
| Written-off withholding tax | - | 175,034 | 3,040,068 |
| Allowance for the refund of the withholding tax | 22,386,055 | 14,352,528 | 1,959,806 |
| Loss from rental reduction | - | - | 132,491 |
| Loss on disposal of assets | 56,329 | - | 2,536,296 |
| Gain on sale of investments in available-for-sale securities | (918,276) | (990,513) | (168,665) |
| Employee benefits expenses | 988,606 | 5,410,735 | 11,898 |
| Interest income | (887,197) | (844,056) | (383,300) |
| Finance cost | 80,343,313 | 84,891,940 | 90,303,052 |
| Profit from operating before changing in operating assets and liabilities | 1,059,011,481 | 1,099,492,654 | 1,172,029,484 |
| (Increase) decrease in operating assets | | | |
| Trade and other receivables | (15,206,109) | 15,776,571 | (36,268,608) |
| Prepaid insurance premium | (5,463,383) | (3,938,011) | 165,010 |
| Inventories | 366,795,267 | 283,071,228 | 482,587,777 |
| Revenue account receivable | 1,748,245 | (20,869,948) | 49,998,875 |
| Other current assets | 16,306,639 | 2,490,925 | 218,855 |
| Other non-current assets | 375,530 | (77,978) | 749,514 |
| Increase (decrease) in operating liabilities | | | |
| Trade and other payables | (223,246,672) | (6,668,983) | (12,592,962) |
| Deposits for car lease from clients | 3,670,071 | 18,624,788 | 33,098,657 |
| Other current liabilities | 2,068,556 | (1,165,916) | (72,204) |
| Cash generated for operation | 1,206,059,625 | 1,386,735,330 | 1,689,914,398 |
| Cash received from interest income | 190,377 | 157,862 | 114,420 |
| Cash paid for purchase of assets for leases | (827,166,848) | (1,712,840,570) | (967,858,551) |
| Cash paid for Employee benefits obligations | - | (4,887,399) | (218,390) |
| Cash paid for income tax | (58,879,664) | (60,902,157) | (13,512,234) |
| Net cash provided by operating activities | 320,203,490 | (391,736,934) | 708,439,643 |

| Transaction | Consolidated financial statements | | |
|--|-----------------------------------|---------------------|----------------------|
| | 2018 | 2019 | 2020 |
| Cash flows from investing activities | | | |
| Cash received from interest income | 680,279 | 702,735 | 460,289 |
| Cash received from short-term loans to related companies | 35,000,000 | 40,000,000 | 28,000,000 |
| Cash paid for short-term loans to related companies | (35,000,000) | (40,000,000) | (28,000,000) |
| Cash received from sale of investment in available-for-sale securities | 934,909,996 | 1,081,006,729 | 677,236,001 |
| Cash paid for investment in available-for-sale securities | (955,000,000) | (1,118,000,000) | (618,000,000) |
| Increase in cash at banks using for guarantee | (63,086) | 7,983,896 | (104) |
| Cash received from sale of fixed assets | 24,673 | - | 6,173 |
| Cash paid for purchase of fixed assets | (5,274,279) | (2,519,726) | (1,506,828) |
| Cash paid for purchase of intangible assets | (1,900,040) | (2,475,675) | (4,117,757) |
| Cash paid for purchase of building on leasehold right | (66,650) | (60,000) | (35,000) |
| Net cash provided by (used in) investing activities | (26,689,107) | (33,362,041) | 54,042,774 |
| Cash flows from financing activities | | | |
| Cash paid for finance cost | (73,832,259) | (86,836,358) | (74,636,654) |
| Increase (decrease) in bank overdrafts | 6,064,895 | 197,978 | (1,880,057) |
| Cash received from short-term loans from financial institutions | 110,000,000 | 160,000,000 | 720,000,000 |
| Cash paid from short-term loans from financial institutions | (110,000,000) | (190,000,000) | (640,000,000) |
| Cash received from issuing of bill of exchange | 458,838,110 | 926,725,462 | 199,258,995 |
| Cash paid for bill of exchange due | (920,000,000) | (770,000,000) | (400,000,000) |
| Cash received from issuing of debenture | 600,000,000 | 700,000,000 | 100,000,000 |
| Cash paid for debenture maturity | - | - | (550,000,000) |
| Cash received from long-term loans from financial institutions | 350,821,823 | 350,570,845 | 570,951,857 |
| Cash paid for long-term loans from financial institutions | (404,195,849) | (416,717,686) | (511,878,697) |
| Cash paid for hire-purchase contract payables | (232,130,512) | (62,334,049) | (81,477,672) |
| Cash paid for dividend | (237,500,000) | (190,000,000) | (140,000,000) |
| Net cash used in financing activities | (451,933,792) | 421,606,192 | (809,662,228) |
| Net increase (decrease) in cash and cash equivalents | (158,419,409) | (3,492,783) | (47,179,811) |
| Cash and cash equivalents, beginning of the year | 248,282,909 | 89,863,500 | 86,370,717 |
| Cash and cash equivalents, ending of the year | 89,863,500 | 86,370,717 | 39,190,906 |

Financial Ratios

| Transaction | Consolidated financial statements | | |
|---|-----------------------------------|--------|--------|
| | 2018 | 2019 | 2020 |
| <u>Profitability Ratio</u> | | | |
| Gross Profit Margin (Excluding Profit on Sale of Rental Assets) | 17.03% | 15.97% | 11.69% |
| Gross Profit Margin (Including Profit on Sale of Rental Assets) | 21.62% | 20.56% | 17.80% |
| Operating Margin | 13.95% | 12.90% | 12.46% |
| Net Profit Margin | 12.20% | 11.22% | 10.09% |
| <u>Liquidity Ratios</u> | | | |
| Current Ratio | 0.70 | 0.53 | 0.74 |
| Asset Turnover | 0.42 | 0.38 | 0.42 |
| <u>Efficiency Ratio</u> | | | |
| Return on Assets (ROA) | 4.27% | 3.26% | 3.49% |
| Return on Equity (ROE) | 12.57% | 10.82% | 10.58% |
| <u>Leverage Ratio</u> | | | |
| Debt/Equity Ratio | 1.38 | 1.69 | 1.55 |
| Interest Coverage Ratio | 3.61 | 2.99 | 3.03 |
| Debt service coverage ratio : DSCR | 1.55 | 2.04 | 1.23 |
| Net interest bearing debt to EBITDA ratio | 2.28 | 2.84 | 2.50 |
| Interest bearing debt to equity : IBD/E ratio | 1.21 | 1.54 | 1.39 |
| Current portion of long-term interest bearing debt to interest bearing debt | 0.23 | 0.35 | 0.15 |
| Loan from investment institutions to interest bearing debt | 0.47 | 0.38 | 0.47 |
| Dividend Payout Ratio | 93.52% | 93.52% | 86.04% |
| <u>Per share</u> | | | |
| Book value per share | 8.11 | 8.22 | 8.51 |
| Profit (Loss) per share (Baht) | 1.02 | 0.88 | 0.88 |

Management Discussion and Analysis

11.1 Analysis and Explanation by the Management

Overview of the Business

The Company's operating results for the year ended December 31st, 2020 (Consolidated Financial Statements) is summarised as follow. The company had a total revenue of 2,193.40 million baht, compared to the previous year with total revenue of 1,967.91 million baht, representing an increase of 11.46%. The company enjoyed the net profit of 221.25 million baht, compared to the previous year's figure of 220.82 million baht, representing an increase of 0.19%. The principal reason behind the increase of the net profit when compared to the total income was due to the lower gross profit margin from the extension and renewal of lease term, and lower income tax from the tax rights that expired from car sales.

Summary of Financial Status As of December 31, 2020: the company has total assets of 5,416.02 million baht, compared with that of December 31st, 2019 of 5,530.70 million baht, a decrease of 114.68 million baht, or a 2.07% drop rate. The drop was caused by the sales of a lot of vehicles at the end of year 2019 and the decrease of account receivable from corporate income tax refund from the Department of Revenue. The received amount was spent on the payment of debentures due in 2020 and the payment of some of the pre-maturity debts with high-interest burden. As a result, total liabilities decreased. The total liabilities as of December 31st, 2020 amounted to 3,288.64 million baht, compared to the previous year with total liabilities of 3,475.32 million baht, together with the purchase of cars for lease. The number has decreased when compared with the previous year's figure, resulting in the significant decrease of total assets and total liabilities altogether.

On the side of shareholders' equity, as of December 31st, 2020, the company had total shareholders' equity of 2,127.37 million baht, an increase of 72.00 million baht or 3.50% from the end of 2019 of 2,055.37 million baht, thanks to an increase in operating results. After deducting dividends, the company has retained pre-dividend earnings of 1,855.81 million baht and dividend payments of 140.00 million baht. The remaining retained earnings at the end of 2020 accounted to 1,715.81 million baht.

Result of Operation

Income

In 2020, the company has total revenue of 2,193.40 million baht, an increase from 2019 by 225.49 million baht or 11.46% from total revenue in 2019 of 1,967.91 million baht, with details as follows:

1. Revenue from Car Rental Fees:

The company's car rental income in 2020 amounted to 1,297.12 million baht, an increase of 25.57 million baht or 2.01% compared to the year 2019 at 1,271.55 million baht. The preliminary profit (excluding profit from sales of vehicles at the end of the lease) was recorded at 11.69%, compared to 15.97% in 2019, representing a decrease of 4.28% from the previous year due to the increase in the number of long-term or extended lease agreements – or from the original 3-year contract period to 4-5 years. This has caused a drop in the average rental income per vehicle compared to the same car model and term of lease. This is one of the reasons that the gross profit margin decreased from the previous year. During the CoVid-19 crisis, more clients extended or renewed their contracts instead of making a new lease agreement in order to control corporate expenses in accordance with the overall economic situation.

2. Revenue from Sales of Lease-Expired Cars:

The company's revenue from sales of cars at the end of their lease amounted to 674.61 million baht, compared to the previous year of 446.81 million baht, or an increase of 227.80 million baht or 50.98% due to the increase in the number of cars sold in the year 2020 at 1,639 units. The number of vehicles sold in 2019 was 896 units, or an increase of 743 units or 82.92%, which is the number of vehicles accumulated from the year 2019 and with more sales channels. In order to quickly sell lease-expired cars to minimise the risks, the price was then reduced as the age of the car increases. This resulted in more sales under the economic slowdown.

3. Revenue from Car Sales Operated by Subsidiary Company:

The subsidiary company's revenue from car sales in the year 2020 amounted to 140.59 million baht, decreased from the previous year by 53.26 million baht. In 2019, the company enjoyed a year-end revenue from car sales of 193.85 million baht, representing a decrease of 27.47% due to the delay of car procurement on the side of the subsidiary company as it needed to prioritise the sales of the mother company's cars.

Costs and Expenses

1. The Cost of Car Lease

In 2020 amounted to 1,145.48 million baht, or an increase from the previous year by 77.05 million baht. In 2019, the cost of car lease was 1,068.43 million baht, representing an increase of 7.21%. The increase of the number of cars from the previous year was in line with the increase of the revenue from car lease in 2019, where the main costs were depreciation, reparation, and insurance premium. In years 2020 and 2019, the rate of lease and rental fee was 88.31% and 84.03% respectively, representing an increase from the previous year by 4.28% due to a drop of rental fees caused by longer contract terms concluded originally from 3 years to 4-5 years in 2020, while costs have not been reduced following the revenue.

2. The Cost of Sales of Lease-Expired Cars

In 2020 was 459.07 million baht, an increase from the previous year of 276.73 million baht, or an increase by 182.34 million baht, representing an increase of 65.89%, in line with the increase in the number of vehicles sold in the year 2020 of 1,639 cars, compared to 896 in 2019, an increase of 743, or 82.92%. The 2020 and 2019 cost of used car sales increased from the previous year by 6.12% due to the decline in second-hand car sales which was in line with the economic slowdown and the impact of COVID-19. Sales can also depend on the age of the car, car model, and types of car as well.

3. The Cost of Sales of Used Cars by Subsidiaries

In 2020 amounted to 131.68 million baht, a decrease from the previous year of 173.89 million baht, a decrease of 42.21 million baht or 24.27% lower, due to a decrease in the number of vehicles sold in 2020 of 263 units and in 2019 of 446 units, or a decrease of 183 vehicles, or 41.03%. The rate of cost of 93.66% and 89.72% in 2020 and 2019 increased by 3.95% from the previous year due to cost increase. It is for the same reason as the cost of sales of the car at the expiration of the lease.

4. The Cost of Sales and Administrative Expenses

In 2020 amounted to 183.93 million baht, compared to 194.95 million baht in 2019, a decrease of 11.02 million baht or 5.65% due to administrative expenses. Employee remuneration decreased due to employee benefits as stated in the newly amended Labour Protection Act in 2018 published in the Government Gazette on April 5th, 2019, with additional compensation rates in case the employer terminates employment of employees who have worked for 20 consecutive years or more. In this case, they are entitled to receive compensation of at least 400 days' worth of final wages, from the previous maximum compensation rate of 300 days, resulting in an increase of approximately 3.2 million baht in 2018. In addition, the impact from Financial Reporting Standard No. 16 led to a decrease in administrative expenses by 3.90 million baht, but added to the financial costs by 4.39 million baht. Other administrative expenses were reduced due to cost control, increasing staff efficiency, and implementing technologies. This made it possible to reduce administrative expenses compared to before.

Net Profit and Rate of Return

The Company's net profit in 2020 amounted to 221.25 million baht, an increase of 0.43 million baht or 0.19% compared to 2019 with a net profit of 220.82 million baht and a net profit margin in 2020 of 10.1%, and in 2019, the amount of 11.2% decreased by 1.1%, with the decreased net profit margin by the reasons of:

Decreased Income per Unit in both types: 1) Income from car rental fee has been decreased due to the extension of the lease term, while the main costs are depreciation, repair, and insurance premiums remained the same. However, the value of the lease has increased from the extension of the contract for a longer period. 2) Revenue from the sales of used cars dropped greatly due to the fluctuation of the selling price of second-hand cars in the market due to the outbreak of CoVid-19 in the past year.

The income from income tax decreased from the previous year by 13.50 million baht or 26.06 percent in year 2020 amounting to 38.30 million baht compared to year 2019 at 51.80 million baht. The decreased income from income tax corresponds with the decrease in pre-tax profits, depleted tax rights from the sales of car with incentives in 2020.

Financial Status

Asset

As of December 31st, 2020, the company had total assets of 5,416.02 million baht, a decrease of 114.68 million baht or 2.12% from the end of 2019 with 5,530.70 million baht. The assets shrunk are cars for lease and cars pending sales with the number as of December 31st, 2020 of 9,335 vehicles, with the total net value of 4,407.07 million baht, dropping from the 2020 figure of 9,444 vehicles worth 4,525.05 million baht, or a decrease of 117.98 million baht or 2.68%. This is because the number of cars that are earmarked for lease in 2020 of 1,535 cars, decreased from 2,065 cars in 2019, representing a decrease of 530 cars, or 34.53%. In the late 2019, there were a large number of lease-expired cars pending sales. And there were 568 cars pending sales in 2020, making the final number of cars waiting to be sold at the end of December 31st, 2020, total 357 units, or a drop of 211 units, representing a drop of 37.15%.

The number of cars for lease

| Description | For the year ended 31 December | | |
|---|--------------------------------|-----------------|-----------------|
| | 2018 | 2019 | 2020 |
| Cars at the beginning of the periods (units) | 8,345 | 8,275 | 9,444 |
| Purchased during periods (units) | 1,154 | 2,065 | 1,535 |
| Sold during periods (units) | 1,224 | 896 | 1,639 |
| Cars at the ended of the periods (units) | | | |
| - cars held for sales | 245 | 568 | 357 |
| - cars held for leased | 8,030 | 8,876 | 8,978 |
| Total cars at the ended of periods | 8,275 | 9,444 | 9,335 |
| Net book value at ended of periods (Million Baht) | | | |
| - cars held for sales | 80.08 | 161.18 | 101.92 |
| - cars held for leased | 3,794.38 | 4,291.69 | 4,263.39 |
| Total Net book value at ended of periods | 3,874.46 | 4,452.87 | 4,365.31 |

Accounts Receivable

Considering the quality of the company's trade accounts receivable (before deducting the allowance for doubtful accounts) as of December 31st, 2020, the amount was 155.65 million baht, an increase from the previous year by 26.13 million baht or 16.80%, while in 2019, the account receivable amounted to 129.52 million baht, with the net trade receivable after deducting the allowance for doubtful accounts in 2020 with the amount of 149.29 million baht – divided into car sales receivables of 50.92 million baht and car rental receivables of 98.37 million baht.

As for car sales receivables, all receivables are in the group of financial institutions that granted and managed car loans. And as for car rental receivables of 98.36 million baht, it was the overdue debtor awaiting payment of 77.93 million baht or 79.23% of the net car rental receivable. The company has closely monitored the debt account, and has considered selecting clients by considering their reliability and good financial status. More than 95% of the clients are corporate customers from both government agencies, state enterprise, and private agencies, which they tend to have a good history of payment. For the expected credit losses, the company estimated based on its debt collection experience, taking into consideration the age of debt owed, and current economic conditions at the end of 2020.

Accounts receivable can be analyzed as followings

(Unit : Millions Baht)

| Description | December 31, 2018 | December 31, 2019 | December 31, 2020 |
|---------------------------------------|-------------------|-------------------|-------------------|
| • Undue | 128.71 | 111.64 | 124.37 |
| • Not exceed 3 months | 19.60 | 12.47 | 24.89 |
| • 3 – 6 months | 2.85 | 2.50 | 1.90 |
| • Over than 6 months | 4.52 | 2.92 | 4.50 |
| Total | 155.68 | 129.52 | 155.65 |
| Less: Allowance for doubtful accounts | (5.26) | (3.68) | (6.36) |
| Net | 150.42 | 125.84 | 149.29 |

Details of accounts receivable ledger

(Unit : Millions Baht)

| Description | December 31, 2018 | December 31, 2019 | December 31, 2020 |
|-------------------------------|-------------------|-------------------|-------------------|
| • Receivable from rental car | 87.99 | 94.54 | 98.36 |
| • Receivable from selling car | 62.43 | 31.03 | 50.92 |
| Total | 150.42 | 125.84 | 149.29 |

Source of Funds

Liabilities

The company has a policy for capital raising for use in its business operations, purchasing cars for lease, and for the management of liquidity, by asking loans from financial institutions and capital markets, which are mostly in the form of fixed income securities with fixed interest rates and a rating of A- (by TRIS Rating Co., Ltd.), which gains the credibility from financial institutions and institutional investors, which is reflected from the lower interest rates than the market average.

As of December 31st, 2020, the company had total liabilities of 3,288.64 million baht, a decrease from as of December 31st, 2019, in the amount of 186.68 million baht, or 5.68% of total liabilities in 2019 of 3,475.32 million baht. This corresponds to the number of cars purchased for lease. In addition, the debentures maturing in 2020 amounted to 550 million baht and new debentures amounted to 100 million baht, resulting in a decrease of 450 million baht. The total debt as of December 31st, 2020, represented 60.72% of the total assets – current liabilities and non-current liabilities of 19.67% and 80.33% of the total debt respectively. Compared with the total liabilities as of December 31, 2019, 62.84% of total assets can be divided into current liabilities and non-current liabilities accounted to 38.03% and 61.97% of total liabilities respectively.

The aforementioned debt ratio does not affect liquidity management as the company is continuously making income from car leasing service. It is also making income from the sales of lease-expired cars. The nature of this business has capital structure of mostly liabilities. The company, therefore, has to manage the cash flow in order to be consistent to prevent liquidity risk both in terms of time and interest rates. The loan period is in accordance with the term of the car rental agreement. The company is also trying to source a loan with a fixed interest rate to comply with the fixed-rate car rental setting to reduce the risk from the fluctuation of interest rates.

Shareholders' Equity

The company's shareholders' equity as of December 31st, 2020 was 2,127.37 million baht, an increase of 71.99 million baht compared to December 31st, 2019, which had shareholders' equity of 2,055.38 million baht, with cumulative effect from accountancy policy change due to the recent implementation of the new financial reporting standard adopted on January 1st, 2020. This has caused the retained earnings to decrease by 2.38 million baht, and the operating results of the company with total comprehensive income totalled 214.37 million baht. The dividend payment to shareholders was made twice in 2020 in the amount of 140 million baht.

According to the minutes of the 2020 Annual General Meeting of Shareholders on April 24th, 2020, the shareholders unanimously approved to pay dividends from the 2019 operating results to shareholders at the rate of 0.70 baht per share, totalling 175.00 million baht. The dividend of 90.00 million baht (equivalent to 0.36 baht per share for 250,000,000 shares) was paid on September 10th, 2019 and the remaining dividend amount of 85.00 million baht (equivalent to 0.34 baht per share for 250,000,000 shares) was paid to shareholders on May 22nd, 2020.

In addition, according to the minutes of the Board of Directors meeting N° 3/2020 on August 10th, 2020, the Board of Directors resolved to pay an interim dividend from the operating results for the period ended June 30th, 2020 in the amount of 55.00 million baht (equivalent to 0.22 baht for 250,000,000,000 shares) to the shareholders on September 9th, 2020.

In total, the company paid dividends for the year 2020 in the amount of 140.00 million baht.

Capital Structure

In 2020, the company purchased cars for rent using long-term loans from financial institutions, hire purchase contract, and issuing debentures as its main sources of funding. At the end of 2020, the fixed interest rate was 94.94 percent of the long-term loan debt, which is a normal aspect of the nature of business operation because it is a liability that arises from the acquisition of assets used in the operation of the company. And such liabilities will be able to arrange the cash outflows in line with the cash inflow of the company. It is also the company's policy to use these as the sources of fund as in addition to the consistency of the cash flow, it is also a risk management of interest rates in case the interest rate happens to increase in the future.

In conclusion, the financial source selection is based on the consistency of the cash flows, the number of lease contracts with clients, and financial costs, for maximum efficiency in business operations and financial management.

Liquidity

For the year 2020, the company had net cash flow from operating activities of 708.44 million baht, an increase of 1,100.18 million baht compared to the year 2019 with net cash flow from operating activities of 391.74 million baht. Received cash from car sales increased by 199.52 million baht from the previous year, while cash paid for purchasing cars for lease decreased by 744.98 million baht. Cash flow from investing activities in 2020 amounted to 54.04 million baht, increasing by 87.40 million baht compared with the year 2019 with net cash flow from investing activities of 33.36 million baht, with net receipts from debt securities sales of 59.24 million baht. The cash flow from fundraising activities in 2020 worth 809.66 million baht was spent, compared to 2019 spending of 421.61 million baht, representing an increase of 1,231.27 million baht. This steep rise was due to

the payment from the redemption of debentures of 450 million baht, net cash payment of bills of exchange of 200.74 million baht, cash received from long-term loan of 59.07 million baht, cash payment of interest of 74.64 million baht, hire purchase agreement of 81.48 million baht, and cash dividend payment of 140 million baht. This resulted in the company having a decrease in cash flow of 47.18 million baht.

The Company has minimum amounts on car leases under uncanceled operating lease agreements, presented by amounting in contracts as follow :

(Unit : Millions Baht)

| Future income | December 31, | | |
|--------------------------------------|-----------------|-----------------|-----------------|
| | 2018 | 2019 | 2020 |
| ▪ Not exceed 1 year | 1,060.58 | 1,169.06 | 1,127.58 |
| ▪ Over 1 year but not exceed 5 years | 1,624.00 | 1,788.66 | 1,656.90 |
| Total | 2,684.58 | 2,957.72 | 2,784.48 |

11.2. Auditors' remuneration Audit fee

In 2020, the Company appointed Miss Soraya Tintasuwan, CPA No. 8658 from Dharmniti Auditing Company Limited to serve as the Company's auditors and appointed Mrs. Rungthip Changrisuk CPA No. 11930 to serve as its subsidiaries's auditors. The total audit fees for the year 2020 of Baht 1,335,000 divided into the audit fees for Company of Baht 1,000,000 and its subsidiaries of Baht 355,000.

Directors and Executives' Profile

Detail of profile of Board of Directors, Executives and Controlled Power in the Company.

| Name Position | Age (Year) | Education / List of Management Committee trained | Holding Shares Proportion (%) | Family Relation during Executives | 5 years previous working experience Period | Position/Company |
|--|---------------|---|--|--|--|--|
| 1. Mr. Pithep Chantarasereekul The Chairman of the Board of Directors | 50 | - MBA-Faculty of Finance, Seattle University, United States - BBA- Business Administration, Assumption University - DAP 19 - DCP 201/2015 | 13.60 | Brother of Mr. Pichit Chantarasereekul | 2017 – Present 2004 – 2017 2003 – Present 1992 – Present 2019– Present | The Chairman of the Board of Directors Director and Managing Director Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) <u>Positions in non-listed companies</u> Managing Director Toyota Krungthai Company Limited (Toyota Distributor) Director Thanapat Property Company Limited (Rental Building) Director Mitsu Impresstion Company Limited (Mitsu Distributor) |
| 2. Mr. Pichit Chantarasereekul Director, Managing Director and Executive Director | 48 | - MBA- Business Administration, University of Toledo, United States - BBA- Business Administration Assumption University - DAP 19 - DCP 85 - CDC 8 - FBS 2/2015 - RNG 7/2015 - RCC 20/2015 | 13.60 | Younger brother of Mr. Pithep Chantarasereekul | 2017 – Present 2004 – 2017 2005 – Present 2003 - Present 1992 – Present 2019– Present | Director /Managing Director Director and Deputy Managing Director Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) <u>Positions in non-listed companies</u> Director Krungthai Automobile Company Limited (Buy and Sale Used Cars) Managing Director Siam Nissan Krungthai Company Limited (Nissan Distributor) Director Thanapat Property Company Limited (Rental Building) Director Mitsu Impresstion Company Limited (Mitsu Distributor) |
| 3. Mr. Chaiwat Atsawintarangkul Director and Chairman of the Audit Committee | 69 | - MASTER OF EDUCATION CURRICULUM AND TEACHING METHODOLOGY (TEACHING CHINESE AS A FOREIGN LANGUAGE), BEIJING LANGUAGE AND CULTURAL UNIVERSITY - THAI-BARRISTER-AT-LAW -THE THAI BAR ASSOCIATION - (MBA) IN BUSINESS ADMINISTRATION, THAMMASAT UNIVERSITY - (BBA) IN BUSINESS ADMINISTRATION AND FACULTY OF LAW , RAMKHAMHAENG - DAP ' 24 - DCP' 81 - ACP '12 | 0 | No | 2004- Present 2005 – Present 2013- Present 2003 – Present 2005 – Present 2013 – Present 2007- Present 2005– Present 1989 - Present | Director and Chairman of the Audit Committee Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) <u>Positions in other listed companies</u> Director and Chairman of the Audit Committee U City Public Company Limited Chairman of the Audit Committee Eastern Polymer Group Public Company Limited Chairman of the Audit Committee Syntec Construction Public Company Limited Chairman of the Audit Committee Eastern Printing Public Company Limited <u>Positions in non-listed companies</u> Chairman of the Audit Committee Merchant Partners Asset Management Company Limited Chairman of the Audit Committee Merchant Partners Securities Public Company Limited Director Boat House Hua Hin Company Limited Director Prospect Consulting Company Limited (Auditing and Finance Advisory) |

| Name Position | Age (Year) | Education / List of Management Committee trained | Holding Shares Proportion (%) | Family Relation during Executives | 5 years previous working experience | |
|--|---------------|--|--|--|-------------------------------------|--|
| | | | | | Period | Position/Company |
| 4. Mr. Karoon Laoharatanun Director | - 64 | <ul style="list-style-type: none"> - MBA, Kasetsart University - (BBA) Science, Kasetsart University - ISO/IEC 27001 - Automobile financing business at Kuala Lumpur, Malaysia - DAP 32 - DCP 170 | No | No | 2013-Present | Director Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) <u>Positions in non-listed companies</u> |
| | | | | | 2016-Present | Executive Advisor Pruksa Real Estate Public Company Limited |
| | | | | | 2013-Present | Executive Advisor Harrison Public Company Limited |
| | | | | | 2009-Present | Director K.L.Residence. Co.,Ltd |
| 5. Mrs.Pahfun Jittmittraparp Director and Member of Audit Committee | - 54 | <ul style="list-style-type: none"> - DOCTOR OF Program in Development Administration Sunandha Rajabhat University - MBA- Faculty of Law, Villanova University , United States - Bachelor of Laws, Chulalongkorn University - DAP '23 - DCP '160 - CAPITAL MARKET ACADEMY PROGRAMS'21 - ADVANCE SECURITY MANAGEMENT PROGRAM'9 - ADVANCED CERTIFICATE COURSE IN POLITICS AND GOVERNANCE IN DEMOCRATIC SYSTEMS FOR EXECUTIVES'22 - ADVANCED CERTIFICATE COURSE IN THAILAND NATIONAL DEFENCE COLLEGE'62 | No | No | 2004-Present | Director and Member of the Audit Committee Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) <u>Positions in non-listed companies</u> |
| | | | | | 2013-Present | Director SF Corporation Public Company Limited |
| | | | | | 2002-Present | Managing Director Smart Home System Company Limited (Electronic System and Securities Consulting) |
| | | | | | 2004-Present | Managing Director AheadALL Company Limited |
| | | | | | 2004-Present | Managing Director PUNNAKHATE Company Limited |

| Name Position | Age (Year) | Education / List of Management Committee trained | Holding Shares Proportion (%) | Family Relation during Executives | 5 years previous working experience | |
|--|---------------|--|--|--|-------------------------------------|---|
| | | | | | Period | Position/Company |
| 6. Dr. Eakapong Tungsrisinguan Director | 45 | <ul style="list-style-type: none"> - DOCTOR OF ENGINEERING IN TELECOMMUNICATIONS, ASIAN INSTITUTE OF TECHNOLOGY - MASTER OF ENGINEERING IN TELECOMMUNICATIONS, ASIAN INSTITUTE OF TECHNOLOGY - BACHELOR OF ENGINEERING, ELECTRICAL ENGINEERING, CHULALONGKORN UNIVERSITY - BACHELOR OF LAWS, BUSINESS LAW AND TAXATION, CHULALONGKORN UNIVERSITY - BBA- FACULTY OF ACCOUNTING BANGKOK UNIVERSITY - CERTIFIED PUBLIC ACCOUNTANT, CPA - FELLOW MEMBER OF IOD - MEMBER OF STRATEGIC CFO IN CAPITAL MARKETS PROGRAM No.1 - SENIOR EXECUTIVES PROGRAM (BATCH 26), CAPITAL MARKET ACADEMY - PUBLIC ECONOMICS MANAGEMENT FOR EXECUTIVES No.15 - STRATEGIC CFO IN CAPITAL MARKETS PROGRAM No. 1/2015 ,SET - DIRECTOR CERTIFICATION PROGRAM (DCP) No.224/2016 - 2MORROW SCALER No. 2 | No | No | 2019 –Present | Director Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) <u>Positions in other listed companies</u> |
| | | | | | 2015 –Present | Executive / Risk Management Committee JWD Info Logistics Public Company Limited |
| | | | | | 2018 – 2020 | Director Modernform Health and Care Public Company Limited <u>Positions in non-listed companies</u> |
| | | | | | 2018 –Present | Board of Standard for Analysis and Investment Management Property Market The Stock Exchange of Thailand |
| | | | | | 2004 –Present | Audit Partner Mitpracha Law and Accounting |
| | | | | | 2004 –Present | MANAGING PARTNER Yongyout Accountancy and Law |
| 7. Mr. Sakditouch Chantarasereekul Senior Assistant Managing Director Business Support | 48 | <ul style="list-style-type: none"> - MBA- BUSINESS ADMINISTRATION, FACULTY OF FINANCE, DREXEL UNIVERSITY, PENNSYLVANIA, USA - BBA- BUSINESS ADMINISTRATION FACULTY OF MANAGEMENT ,ASSUMPTION UNIVERSITY - CHIEF FINANCIAL OFFICER CERTIFICATION PROGRAM No. 12 FROM FEDERATION OF ACCOUNTING PROFESSIONS - DCP '169 - ACPG 22/2015 - ELP 4/2016 (DCP) | No | Counsel of Mr. Pithep Chantarasereekul and Mr. Pichit Chantarasereekul | 2007- Present | <i>Assistant Senior Managing Director</i> Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) |

| Name Position | Age (Year) | Education / List of Management Committee trained | Holding Shares Proportion (%) | Family Relation during Executives | 5 years previous working experience | |
|---|---------------|---|--|--|-------------------------------------|---|
| | | | | | Period | Position/Company |
| 8. Miss Sirima Cha-embun Managing Director of Service | 49 | - MBA- BUSINESS ADMINISTRATION, SRIPATUM UNIVERSITY - BBA- BUSINESS ADMINISTRATION-FACULTY OF MANAGEMENT, ST.JOHN UNIVERSITY - MINI MBA '57, Thammasat University | No | No | 2007 – Present | <i>Assistant Senior Managing Director</i> Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) |
| 9. Miss Jittiya Luangjamekorn Senior Manager - Marketing | 45 | - MBA- FACULTY OF COMMUNICATION ARTS, CHULALONGKORN UNIVERSITY - BBA, FACULTY OF FINE AND APPLIED ARTS, CHULALONGKORN UNIVERSITY - ADVANCED VB FOR WEB APPLICATION DEVELOPER – INTERNET & E-COMMERCE TRAINING, THAMMASAT UNIVERSITY | No | No | 2008 – Present 2001 – 2007 | <i>Senior Manager – Marketing</i> <i>Marketing Manager</i> Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) |
| 10. Miss Pornpan Sattawatkul Finance and Accounting Manager | 46 | - MBA COMPUTER AND TELECOMMUNICATIONS ENGINEERING , DHURAKIJ PUNDIT UNIVERSITY - BBA- FACULTY OF ACCOUNTING, SIAM UNIVERSITY - CPA No. 7287 | No | No | 2005 - Present | <i>Finance and Accounting Manager</i> Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) |
| 11. Mr.Noppol Sakthong Secretary | 57 | - BBA, Faculty of Law Ramkhamheng University - Training “Company SECRETARY PROGRAM” of Thai Institute of Directors | No | No | 2004-Presen | <i>Secretary</i> Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) |

Detail of positions of Board of Directors, Executives and Controlled Power persons in subsidiary and related parties

Detail of positions of Board of Directors, Executives and Controlled Power persons in subsidiary and related parties as at December 31, 2020

| | Company | Subsidiary | Related Parties | | | | |
|----------------------------------|---------|--------------------------------------|-----------------------------------|---------------------------------------|----------------------------------|-------------------------------------|-----------------------------------|
| | | Krungthai Automobile Company Limited | Thanapat Property Company Limited | Siam Nissan Krungthai Company Limited | Toyota Krungthai Company Limited | Carloft Auto Import Company Limited | Mitsu Impresstion Company Limited |
| 1. Mr. Pithep Chantaraseekul | X S | / S | / S | | / S O | | / S |
| 2. Mr. Pichit Chantaraseekul | / S O | / S | / S | / S O | | | / S |
| 3. Mr. Chaiwat Atsawintarangkun | / A | | | | | | |
| 4. Mr. Karoon Laoharajatanand | / A | | | | | | |
| 5. Mrs. Pahfun Jittmittraparp | / A | | | | | | |
| 6. Dr. Eakapong Tungsrisinguan | / A | | | | | | |
| 7. Mr. Sakditouch Chantaraseekul | | | | | | | |
| 8. Miss Sirima Cha-emkun | | | | | | | |
| 9. Miss Jittiya Luangjamekorn | | | | | | | |
| 10. Miss Pornpan Sattawatkul | | | | | | | |
| 11. Mr. Noppol Saktong | | | | | | | |

Note:

- / = Director
- X = The Chairman of the Board of Directors
- A = Audit Committee
- S = Authorized Director
- O = Managing Director

Report of Changes in Securities Holdings of Executives

| Name | Shares | | | | Spouses | |
|---------------------------------|-------------------------|---------|-----------------------|-------------------------|---------|------------------|
| | As at December 31, 2019 | | Increase / (decrease) | As at December 31, 2020 | | held by a spouse |
| 1. Mr. Pithep Chantarasereekul | 34,000,000 | (13.6%) | - | 34,000,000 | (13.6%) | - |
| 2. Mr. Pichit Chantarasereekul | 34,000,000 | (13.6%) | - | 34,000,000 | (13.6%) | - |
| 3. Mr. Chaiwat Atsawintarangkun | - | | 2,000.00 | 2,000.00 | (0%) | - |
| 4. Mr. Karoon Laoharajatanand | - | | - | - | | - |
| 5. Mrs. Pahfun Jittmittraparp | - | | - | - | | - |
| 6. Dr. Eakapong Tungsrisinguan | - | | - | - | | - |
| 7. Mr. Pisit Chantarasereekul | 25,000,000 | (10.0%) | - | 25,000,000 | (10.0%) | - |





Report of the Audit Committee

Report of the Audit Committee

The Audit Committee of Krungthai Car Rent and Lease Public Company Limited consists of three independent committee members. Each member of the Audit Committee is the distinct honourable persons in various disciplines – accountancy, finance, law, and so on. The three members of the independent Audit Committee have the sufficient experience to guarantee the credibility of financial report. The Audit Committee consists of the distinct persons as follow:

1. Mr Chaiwat Atsawintarangkun is the Chairperson of the Audit Committee
2. Mr. Karoon Laoharatanun is the member of the Audit Committee
3. Mrs Pahfun Jittmittraparp is the member of the Audit Committee

In 2020, the Audit Committee regularly held a total of four meetings to conduct their duty within the designated responsibilities stated in the Charter of the Audit Committee approved by and reported to the Board of Directors. Their responsibilities are as follow:

Financial Statement

With support and comments by the Auditor General, executives of the Accountancy Department, and the management executives have hereby revised and are responsible for the financial statements, consolidated financial statements of the company and its subsidiaries, including the financial information that appears in the annual report, the financial statements for each quarter and for the year as ended in December 31, 2019, based on generally accepted accountancy standards which is considered by the appropriate policy options and practice, and have passed the examination from independent authorised auditors in a timely manner.

Internal Control and Internal Audit

The Audit Committee takes the responsibility in endorsing the annual audit report and other relevant internal audits based on reports, follow-ups, and recommendations as provided in the report. It is charged with improving and proposing an amendment of the audit process focusing on risk management in important departments and operations in order to improve the business operations. The committee also revised the internal audit adequacy evaluation and seek approval from the Board of Directors to ensure that the company's internal audit system is sufficiently efficient for business operations.

To make the internal control and internal audit more effective and efficient, The Audit Committee proposed the company to hire the JR Business Advisory Company Limited, which is an expert in internal audit, to evaluate the efficiency of internal control Including internal audit and assessment of the adequacy of the company's internal control system.

Conflict of Interest

The Audit Committee has verified clues of conflicts of interest so that the report is in compliance with the Securities and Exchange Commission, the Stock Exchange of Thailand, and relevant rules and regulations of the law and of the government, to ensure that all transactions are in line with conventional trade practices, reasonability, and equality, without possibility of one-sided benefit. It also ensured that the disclosure of such informations comply with relevant regulations.

Report of the Audit Committee

Certified Public Accountant

The Audit Committee takes into account and conduct recruitment for Certified Public Accountant on an annual basis. The selection criteria include their past operation results, knowledgeability, proficiency in accountancy, experience, credibility, resourcefulness, and independence. The company takes into account the suitability of audit fees based on areas of responsibility and fees in comparison with other organisations in the same level.

After deliberate consideration, the Audit Committee made a selection of its Certified Public Accountant from Dharmniti Auditing Company to serve as the auditors for the company and its subsidiary. The Audit Committee nominated and sought the approval from the Board of Directors in 2020.

Corporate Good Governance

The Audit Committee has verified and revised the good governance policies so that they are in line with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. Some of the issues touched were rights of the shareholders, equal treatment of shareholders, roles of stakeholders, disclosure of information, transparency, and responsibility of the Board of Directors.

Compliance with Relevant Rules & Regulations

The Audit Committee has verified and revised the company's business operations and found that they all were in compliance with relevant rules and regulations, e.g. the Securities and Exchange Commission Act, Limited Public Company Act, and all relevant rules of the law pertaining to the company's business. The committee also revised the "Self-Evaluation Document on Anti-Corruption Measures", which is in the course of being certified by Thailand's Private Sector Collective Action Coalition Against Corruption (Thai-CAC).

The Audit Committee has indicated that, based on generally accepted accountancy standards which is considered by the appropriate policy options and practices on a regular basis, including reasonable estimation in the preparation of reports, as well as the disclosure of critical information in notes annexed to the financial statement, the Financial Statements of the company and its subsidiary have passed the examination and deliberation from authorised auditor or auditors who is or are independent. The financial statements, therefore, correctly reflect the financial commitment and performance in the past year, all in essence and beneficial to shareholders, and the principles of good governance.

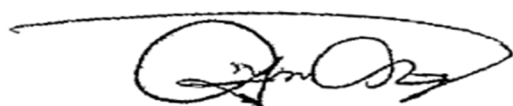
(Mr. Chaiwat Atsawintarangkun)
Chairman of the Audit Committee

Report of the Board of Directors on Financial Reporting

The Board of Directors of KrungThai Car Rent and Lease (Public Company Limited) recognises the importance of the duty and the responsibility in the codes of conduct under good governance. The Board of Directors is responsible for the financial statements, consolidated financial statements of the company and its subsidiaries, including the financial information that appears in the annual report, the financial statements for the year as ended in December 31, 2019, based on generally accepted accountancy standards which is considered by the appropriate policy options and practices on a regular basis, including reasonable estimation in the preparation of reports, as well as the disclosure of critical information in notes annexed to the financial statement, and have passed the examination and deliberation from authorised auditor or auditors who is or are independent. The financial statements, therefore, correctly reflect the financial commitment and performance in the past year, all in essence and beneficial to shareholders, as well as general investors.

The Board of Directors has appointed an Audit Committee, which consisting of independent directors, who are responsible for overseeing the quality of financial reporting, for the evaluation of internal control systems, the risk management system, and processes that support information and financial documents in order to be productive to ensure that the accounting records are accurate, complete, timely, disorder and fraud preventing. The opinion of the committee on this issue has been set out in the report of the Audit Committee in the Annual Report for 2020.

The Board of Directors has indicated that the company's internal control system can build confidence with reason to trust the financial statements and the consolidated financial statements of the company. KrungThai Car Rent and Lease (Public Company Limited) and its subsidiaries as of December 31, 2020.



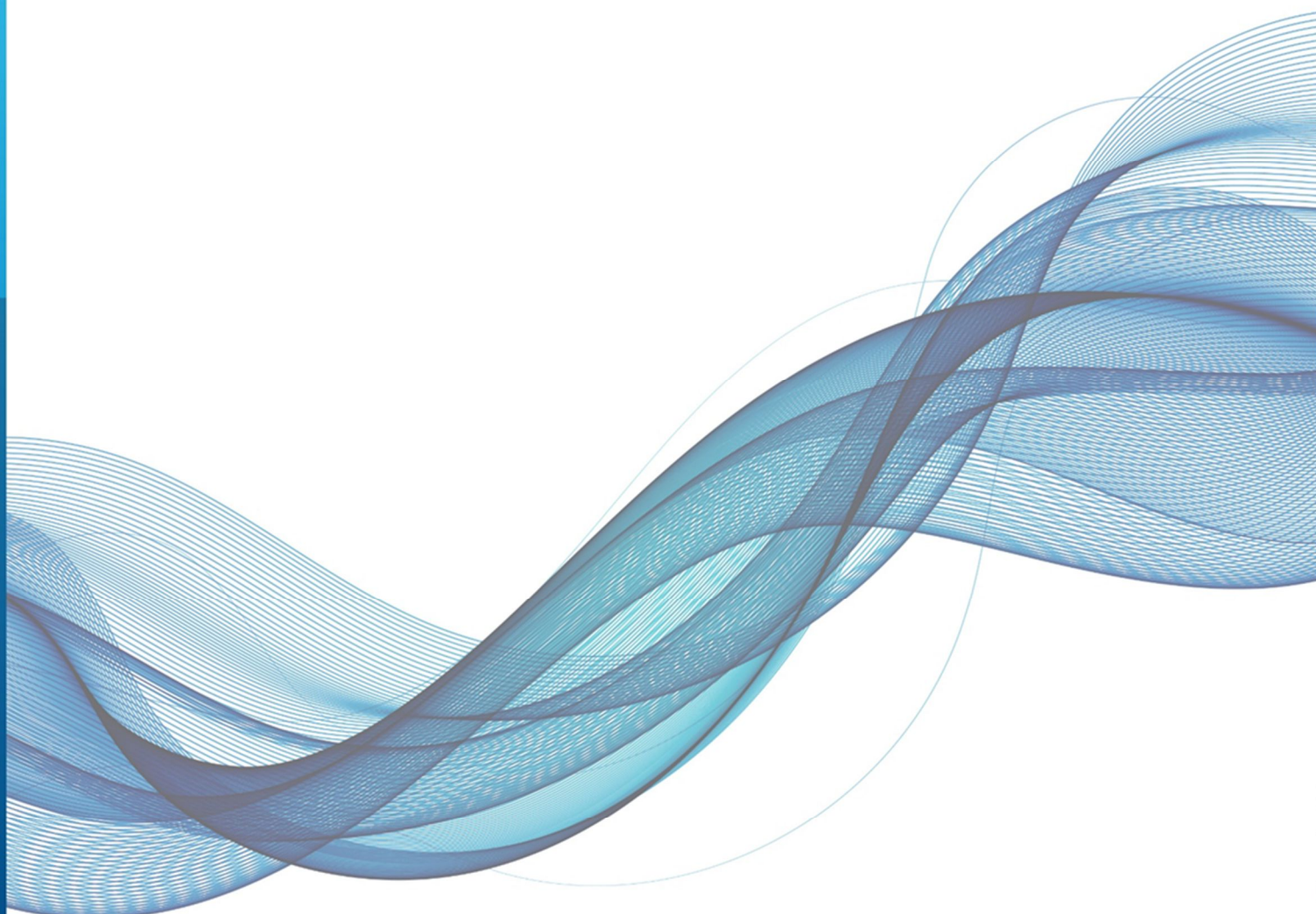
(Mr Pithep Chantaraseekul)
President



(Mr Pichit Chantaraseekul)
Managing Director

Report and Consolidated Financial Statements and Separate Financial Statements

As at December 31, 2020



INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of
Krungthai Car Rent and Lease Public Company Limited

Opinion

I have audited the consolidated financial statements of Krungthai Car Rent and Lease Public Company Limited and its subsidiary (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 Krungthai Car Rent and Lease 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 Krungthai Car Rent and Lease Public Company Limited and its subsidiary 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 Krungthai Car Rent and Lease 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 Matters

Key audit matters are those matters that, in our professional judgment, 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 consolidated financial statements and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Recognition of income on car leases

The income on car leases has the transactions with significant amount in the financial statements and the transactions also affect the Company's operation results. The income on car leases incurred from many lease agreements; each lease agreement has different rental amount and lease period. The Company has recognized the revenue by the rental period throughout the term of the lease agreement. Therefore, I have paid special attention to the above revenue recognition related to correctly and completely of income transactions have been recorded in the account.

I have audited the recognition of income on car leases by the assessed and tested the efficiency of internal control system of the Company related to the cycle of income, understand and selected the sample for operating test according to the control the Company designed from the steps in accepting customer, keying the lease agreement into the system, sampling audit lease agreements the Company entered with the customers both new and ongoing customers. It also includes assessing the efficiency of the computer system used by the Company to retrieve the billing report information. In addition, I random check the documentation on car lease incurred during the year, check near the end of the accounting period and check to the revenue recording of car lease in the general journal, including analyzing and comparing amount of average car for lease and rate of lease per car of year with revenue account on car leases to check the irregularities that may incur from income transaction on car leases.

Estimating the residual value of car for lease

The Company has revised the residual value of car for lease to follow the economic condition and close to the actual sale in during the year. There are varieties of cars and each car category has differed in residual value. The estimation of the residual value relies on considerable judgment of the management as such estimates require the significant assumptions, which are referred to the recoverable value from terminating its use or selling after the agreement expires. Such transaction has an effect on the recording of depreciation, which is the major cost in the statement of comprehensive income. Therefore, I have paid special attention related to the judgment of the management in such estimation.

I understand the approach in considering the estimated residual value of the car for lease used by the management, assessed and tested the appropriateness of the basis used for the consideration, including analyzed and compared the recoverable value information from the sale of cars for lease with market price and experience of the actual sale in during the year.

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 year ended December 31, 2020, the Company and its subsidiary 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 consolidated financial statements and separate 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 consolidated financial statements and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 consolidated financial statements and separate 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 consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. 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 consolidated financial statements and separate 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 Miss Soraya Tintasuwan.



(Miss Soraya Tintasuwan)

Certified Public Accountant

Registration No. 8658

Dharmniti Auditing Company Limited

Bangkok, Thailand.

February 25, 2021

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

| | | ASSETS | | | | |
|---------------------------|---|-----------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------|
| | | Baht | | | | |
| | | Consolidated financial statements | | Separate financial statements | | |
| Note | | 2020 | 2019 | 2020 | 2019 | |
| Current assets | | | | | | |
| | Cash and cash equivalents | 6 | 39,190,906.08 | 86,370,717.12 | 38,857,561.57 | 85,935,707.10 |
| | Investment in available-for-sale securities | 4 | - | 59,087,104.00 | - | 59,081,116.89 |
| | Trade and other receivables | 5, 7 | 201,177,828.12 | 167,788,006.73 | 192,000,594.59 | 155,405,746.45 |
| | Short-term loans to subsidiary | 4 | 58,781,410.12 | 58,946,420.06 | 58,781,410.12 | 58,946,420.06 |
| | Prepaid insurance premium | | 145,796,304.82 | 235,020,276.74 | 102,783,614.33 | 162,847,311.13 |
| | Inventories | 8 | 13,391.50 | - | 13,391.50 | - |
| | Revenue account receivable | | 13,909,328.24 | 63,908,202.84 | 13,909,328.24 | 63,908,202.84 |
| | Other current assets | | 22,666,765.38 | 22,885,620.58 | 21,681,436.13 | 21,264,788.52 |
| | Total current assets | | 481,535,934.26 | 694,006,348.07 | 428,027,336.48 | 607,389,292.99 |
| Non-current assets | | | | | | |
| | Fixed deposit using for guarantee | 9 | 50,021,040.52 | 50,020,936.88 | 50,021,040.52 | 50,020,936.88 |
| | Investment in subsidiary company | 10 | - | - | 48,812,300.00 | 48,812,300.00 |
| | Assets-for-leases | 11 | 4,263,391,121.27 | 4,291,693,318.76 | 4,263,391,121.27 | 4,291,693,318.76 |
| | Property, plant and equipment | 12 | 173,688,616.05 | 176,096,632.06 | 3,914,900.49 | 4,110,078.58 |
| | Right-of-use assets | 5, 13 | 87,570,731.18 | - | 15,158,550.83 | - |
| | Leasehold right | 4 | - | 106,579,461.15 | - | 5,617,518.69 |
| | Intangible assets | 14 | 12,483,616.92 | 8,698,743.38 | 11,276,968.66 | 7,546,853.00 |
| | Deferred tax assets | 15 | 151,699,139.36 | 110,654,623.92 | 150,737,266.90 | 110,291,084.58 |
| | Other non-current assets | 16 | 195,627,292.12 | 188,871,821.21 | 191,664,567.18 | 184,865,219.50 |
| | Total non-current assets | | 4,934,481,557.42 | 4,836,694,022.36 | 4,734,976,715.85 | 4,702,957,309.99 |
| | Total assets | | 5,416,017,491.68 | 5,530,700,370.43 | 5,163,004,052.33 | 5,310,346,602.98 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

| | Note | Baht | | | |
|--|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 2020 | 2019 | 2020 | 2019 |
| Current liabilities | | | | | |
| Bank overdrafts and short-term loans from financial institutions | 17 | 120,000,000.00 | 41,880,056.54 | 120,000,000.00 | 41,880,056.54 |
| Bill of exchange | 18 | - | 199,669,730.18 | - | 199,669,730.18 |
| Trade and other payables | 5 | 75,099,125.46 | 73,789,227.07 | 133,070,659.40 | 90,425,496.41 |
| Accounts payable-purchase assets for leases | 4 | 119,142,579.76 | 141,209,004.10 | 119,142,579.76 | 141,209,004.10 |
| Current portion | | | | | |
| Long-term loans from financial institutions | 19 | 242,707,937.87 | 257,534,391.01 | 242,707,937.87 | 257,534,391.01 |
| Lease liabilities | | | | | |
| Debentures | 21 | 81,046,941.09 | 48,685,489.69 | 71,852,239.74 | 48,685,489.69 |
| Other current liabilities | | - | 549,836,002.86 | - | 549,836,002.86 |
| Total current liabilities | | 8,956,698.91 | 9,017,243.21 | 8,085,377.69 | 8,043,152.88 |
| Non-current liabilities | | | | | |
| Long-term loans from financial institutions | 19 | 837,239,811.45 | 763,340,199.16 | 837,239,811.45 | 763,340,199.16 |
| Liabilities under financial lease agreements | 20 | | | | |
| Debentures | 21 | | | | |
| Other non-current financial liabilities | 33 | 272,483,155.20 | 2,928,507.87 | 210,731,764.14 | 2,928,507.87 |
| Deposits for car lease from clients | | 1,398,578,174.55 | 1,298,049,908.43 | 1,398,578,174.55 | 1,298,049,908.43 |
| Employee benefit obligations | 22 | 1,113,613.20 | - | 1,113,613.20 | - |
| Total non-current liabilities | | 106,174,709.62 | 73,076,052.11 | 106,174,709.62 | 73,076,052.11 |
| Total liabilities | | 26,101,885.48 | 16,308,992.31 | 23,435,032.39 | 14,491,151.31 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

| | Baht | | | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Shareholders' equity | | | | |
| Share capital | | | | |
| Authorized share capital | | | | |
| 250,000,000 ordinary shares of Baht 1.00 each | 250,000,000.00 | 250,000,000.00 | 250,000,000.00 | 250,000,000.00 |
| Issued and paid-up share capital | | | | |
| 250,000,000 ordinary shares of Baht 1.00 each | 250,000,000.00 | 250,000,000.00 | 250,000,000.00 | 250,000,000.00 |
| Premium on share capital | 162,450,370.20 | 162,450,370.20 | 162,450,370.20 | 162,450,370.20 |
| Retained earnings | | | | |
| Appropriated - legal reserve | 30,000,000.00 | 30,000,000.00 | 30,000,000.00 | 30,000,000.00 |
| Unappropriated | 1,685,813,379.45 | 1,612,899,691.29 | 1,449,312,672.88 | 1,378,701,701.26 |
| Other components of shareholders' equity | | | | |
| Gain from investment in available-for-sale | - | 25,504.40 | - | 25,388.97 |
| Loss from remeasuring of derivatives | | | | |
| Instruments | (890,890.56) | - | (890,890.56) | - |
| Total other components of shareholders' equity | (890,890.56) | 25,504.40 | (890,890.56) | 25,388.97 |
| Total shareholders' equity | 2,127,372,859.09 | 2,055,375,565.89 | 1,890,872,152.52 | 1,821,177,460.43 |
| Total liabilities and shareholders' equity | 5,416,017,491.68 | 5,530,700,370.43 | 5,163,004,052.33 | 5,310,346,602.98 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Note | Baht | | | |
|---|-------|-----------------------------------|------------------|-------------------------------|------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | | |
| Income on car leases | | 1,297,121,142.88 | 1,271,548,668.99 | 1,297,121,142.88 | 1,271,548,668.99 |
| Income on sale of cars | | 815,200,215.54 | 640,658,977.19 | 674,606,786.37 | 446,806,762.62 |
| Other income | 5, 23 | 81,080,888.83 | 55,704,198.35 | 59,725,596.27 | 34,390,680.89 |
| Total income | | 2,193,402,247.25 | 1,967,911,844.53 | 2,031,453,525.52 | 1,752,746,112.50 |
| Expenses | | | | | |
| Cost of car leases | 5 | 1,145,475,565.34 | 1,068,434,234.06 | 1,145,475,565.34 | 1,068,434,234.06 |
| Cost of sales of cars | | 590,751,405.56 | 450,621,364.48 | 459,066,903.82 | 276,729,884.31 |
| Selling expenses | 5 | 53,970,868.53 | 55,484,007.91 | 49,955,999.83 | 40,914,105.58 |
| Administrative expenses | | 107,192,285.12 | 117,766,999.61 | 88,163,349.28 | 95,025,859.70 |
| Directors and executive remuneration | 5 | 22,763,899.39 | 21,694,058.39 | 22,763,899.39 | 21,523,229.25 |
| Total expenses | | 1,920,154,023.94 | 1,714,000,664.45 | 1,765,425,717.66 | 1,502,627,312.90 |
| Profit from operating activities | | 273,248,223.31 | 253,911,180.08 | 266,027,807.86 | 250,118,799.6 |
| Finance cost | | 90,303,052.00 | 84,891,940.45 | 87,315,646.08 | 84,891,940.45 |
| Profit before (income) tax expenses | | 182,945,171.31 | 169,019,239.63 | 178,712,161.78 | 165,226,859.15 |
| (Income) tax expenses | 25 | (38,301,384.30) | (51,802,546.17) | (38,840,236.80) | (52,762,603.32) |
| Profit for the year | | 221,246,555.61 | 220,821,785.80 | 217,552,398.58 | 217,989,462.47 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently profit or loss | | | | | |
| Gain from investment in available-for-sale securities | | | | | |
| measurement - net of income tax | | - | 15,475.46 | - | 15,413.95 |
| Loss from remeasuring of derivative instruments | | | | | |
| net of income tax | | (890,890.56) | - | (890,890.56) | - |
| | | (890,890.56) | 15,475.46 | (890,890.56) | 15,413.95 |
| Items that will not be reclassified to profit or loss | | | | | |
| Actuarials loss on the defined employee benefit plans | | | | | |
| - net of income tax | | (5,979,989.66) | (28,241,86.40) | (5,507,502.62) | (2,441,048.00) |
| | | (5,979,989.66) | (28,241,86.40) | (5,507,502.62) | (2,441,048.00) |
| Other comprehensive income (loss) for the year | | (6,870,880.22) | (2808,710.94) | (6,398,393.18) | (2,425,634.05) |
| Comprehensive income for the year | | 214,375,675.39 | 218,013,074.86 | 211,154,005.40 | 215,563,828.42 |
| Basic earnings per share | | | | | |
| Profit for the year | 26 | 0.88 | 0.88 | 0.87 | 0.87 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

| | | Baht | | | |
|---|----|--|-----------------------------|---------------------------------|------------------|
| | | Consolidated financial statements | | | |
| | | Share capital issued and paid-up | Premium on share capital | Retained earnings | |
| | | | | Appropriated - legal reserve | Unappropriated |
| Note | | | | | |
| Beginning balance, as at December 31, 2018 | | 250,000,000.00 | 162,450,370.20 | 30,000,000.00 | 1,584,902,091.89 |
| Dividend paid | 28 | - | - | - | (190,000,000.00) |
| Total comprehensive income for the year | | - | - | - | 217,997,599.4 |
| Ending balance, as at December 31, 2019 | | 250,000,000.00 | 162,450,370.20 | 30,000,000.00 | 1,584,902,091.89 |
| The cumulative effect of the changes in accounting policies | | | | | |
| due to the adoption of new financial reporting standards | 4 | - | - | - | (2,352,877.79) |
| Balance as at January 1, 2020, as adjusted | | 250,000,000.00 | 162,450,370.20 | 30,000,000.00 | 1,610,546,813.50 |
| Dividend paid | 28 | - | - | - | (140,000,000.00) |
| Total comprehensive income for the year | | - | - | - | 215,266,565.95 |
| Ending balance, as at December 31, 2020 | | 250,000,000.00 | 162,450,370.20 | 30,000,000.00 | 1,685,813,379.45 |

Baht

Consolidated financial statements

Other components of shareholders' equity

| Gain on investment in available-for-sale securities measurement | Loss from remeasuring of derivative instruments | Total other components of shareholders' equity | Total shareholder's equity |
|---|---|--|----------------------------------|
| 10,028.94 | - | 10,028.94 | 2,027,362,491.03 |
| - | - | - | (190,000,000.00) |
| 15,475.46 | - | 15,475.46 | 218,013,074.86 |
| 25,504.40 | - | 25,504.40 | 2,055,375,565.89 |
| (25,504.40) | - | (25,504.40) | (2,378,382.19) |
| - | - | - | 2,052,997,183.70 |
| - | - | - | (140,000,000.00) |
| - | (890,890.56) | (890,890.56) | 214,375,675.39 |
| - | (890,890.56) | (890,890.56) | 2,127,372,859.09 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2020

| | | Baht | | | | |
|---|----|--|-----------------------------|---------------------------------|----------------|------------------|
| | | Separate financial statements | | | | |
| | | Share capital issued and paid-up | Premium on share capital | Retained earnings | | |
| | | | | Appropriated - legal reserve | Unappropriated | |
| | | Note | | | | |
| Ending balance, as at December 31, 2018 | | | 250,000,000.00 | 162,450,370.20 | 30,000,000.00 | 1,353,153,286.79 |
| Dividend paid | 28 | | - | - | - | (190,000,000.00) |
| Total comprehensive income for the year | | | - | - | - | 215,548,414.47 |
| Ending balance, as at December 31, 2018 | | | 250,000,000.00 | 162,450,370.20 | 30,000,000.00 | 1,353,153,286.79 |
| The cumulative effect of the changes in accounting | | | | | | |
| Policies due to the adoption of new financial reporting standards | | | | | | |
| | 4 | | - | - | - | (1,433,924.34) |
| Balance as at January 1, 2020, as adjusted | | | 250,000,000.00 | 162,450,370.20 | 30,000,000.00 | 1,377,267,776.92 |
| Dividend paid | 28 | | - | - | - | (140,000,000.00) |
| Total comprehensive income for the year | | | - | - | - | 212,044,895.96 |
| Ending balance, as at December 31, 2019 | | | 250,000,000.00 | 162,450,370.20 | 30,000,000.00 | 1,449,312,672.88 |

Baht

Separate financial statements

Other components of shareholders' equity

| Gain on investment in available-for-sale securities measurement | Loss from remeasuring of derivative instruments | Total other components of shareholders' equity | Total shareholder's equity |
|---|---|--|----------------------------------|
| 9,975.02 | - | 9,975.02 | 1,795,613,632.01 |
| - | - | - | (190,000,000.00) |
| 15,413.95 | - | (15,413.95) | 215,563,828.42 |
| 25,388.97 | - | 25,388.97 | 1,821,177,460.43 |
| (25,388.97) | - | (25,388.97) | (1,459,313.31) |
| - | - | - | 1,819,718,147.12 |
| - | - | - | (140,000,000.00) |
| - | (890,890.56) | (890,890.56) | 211,154,005.4 |
| - | (890,890.56) | (890,890.56) | 1,890,872,152.52 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Baht | | | |
|---|-----------------------------------|--------------------|-------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Cash flows from operating activities | | | | |
| Profit before (income) tax expenses | 182,945,171.31 | 169,019,239.63 | 178,712,161.78 | 165,226,859.15 |
| Adjustments to reconcile profit before (income) tax expenses to net cash provided by (used in) operating activities | | | | |
| Expected credit losses and doubtful accounts (reversal) | 308,995.97 | (1,582,599.01) | 1,206,711.28 | (1,582,599.01) |
| Depreciation and amortization | 891,343,670.55 | 829,060,345.18 | 875,291,217.01 | 825,257,503.82 |
| Allowance for the refund of the withholding tax | 1,959,805.66 | 14,352,527.48 | 1,959,805.66 | 14,352,527.48 |
| Written-off withholding tax | 3,040,068.36 | 175,034.27 | 2,996,191.58 | - |
| Loss from rental reduction | 132,490.85 | - | - | - |
| Gain on sale of investments | (168,664.94) | (990,513.54) | (168,621.84) | (990,513.54) |
| Loss on disposal and write-off | 11,898.02 | - | 14,330.60 | - |
| Employee benefits expenses | 2,536,296.09 | 5,410,735.00 | 2,059,502.80 | 4,712,780.00 |
| Interest income | (383,299.94) | (844,055.75) | (383,242.39) | (948,873.32) |
| Interest expenses | 90,303,052.00 | 84,891,940.45 | 87,315,646.08 | 84,891,940.45 |
| Profit from operating before changing in operating assets and liabilities | 1,172,029,483.93 | 1,099,492,653.71 | 1,149,003,702.56 | 1,090,919,625.03 |
| (Increase) decrease in operating assets | | | | |
| Trade and other receivables | (36,268,607.96) | 15,776,570.77 | (39,452,280.39) | 5,574,624.52 |
| Prepaid insurance premium | 165,009.94 | (3,938,011.03) | (165,009.94) | (3,938,011.03) |
| Inventories | 482,587,776.84 | 283,071,227.61 | 453,427,501.72 | 271,802,016.82 |
| Revenue account receivable | 49,998,874.60 | (20,869,947.25) | 49,998,874.60 | (20,869,947.25) |
| Other current assets | 218,855.20 | 2,490,924.99 | (416,647.61) | 2,625,070.82 |
| Other non-current assets | 749,514.47 | (77,978.00) | 749,514.47 | 77,978.00 |
| Increase (decrease) in operating liabilities | | | | |
| Trade and other current payables | (12,592,961.81) | (6,668,982.77) | 28,742,302.79 | 15,026,900.65 |
| Deposits for car lease from clients | 33,098,657.51 | 18,624,788.23 | 33,098,657.51 | 18,624,788.23 |
| Other current liabilities | (72,204.31) | (1,165,915.28) | 42,224.81 | 13,756.63 |
| Cash generated for operation | 1,689,914,398.41 | 1,386,735,330.98 | 1,675,358,860.40 | 1,379,700,846.42 |
| Cash received from interest income | 114,419.90 | 157,861.68 | 114,361.57 | 121,673.77 |
| Cash paid for purchase of assets for leases | (967,858,550.60) | (1,712,840,570.31) | (967,858,550.60) | (1,712,840,570.31) |
| Cash paid for employee benefit obligations | (218,390.00) | (4,887,399.00) | - | (3,637,500.00) |
| Cash paid for income tax | (13,512,234.39) | (60,902,157.30) | (12,504,859.39) | (59,671,095.95) |
| Net cash provided by (used in) operating activities | 708,439,643.32 | (391,736,933.95) | 695,109,811.98 | (396,326,646.07) |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Baht | | | |
|---|-----------------------------------|--------------------|-------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| <u>Cash flows from investing activities</u> | | | | |
| Cash received from interest income | 460,288.49 | 702,734.65 | 460,288.49 | 843,740.13 |
| Cash received from short-term loans to subsidiary | - | - | - | 22,000,000.00 |
| Cash paid for short-term loans to subsidiary | - | - | - | (7,000,000.00) |
| Cash received from short-term loans to related companies | 28,000,000.00 | 40,000,000.00 | 28,000,000.00 | 40,000,000.00 |
| Cash paid for short-term loans to related companies | (28,000,000.00) | (40,000,000.00) | (28,000,000.00) | (40,000,000.00) |
| Cash received from sale of debt instruments securities | 677,236,001.34 | 1,081,006,728.96 | 677,230,000.00 | 1,081,006,728.96 |
| Cash paid for debt instruments | (618,000,000.00) | (1,118,000,000.00) | (618,000,000.00) | (1,118,000,000.00) |
| Increase (decrease) in cash at banks using for guarantee | (103.64) | 7,983,896.14 | (103.64) | 7,983,896.14 |
| Cash received from sale of fixed assets | 6,172.90 | - | 3,738.32 | - |
| Cash paid for purchase of fixed assets | (1,506,828.26) | (2,519,725.73) | (1,312,816.33) | (1,163,237.41) |
| Cash paid for purchase of right-of-use assets | (35,000.00) | (60,000.00) | - | - |
| Cash paid for purchase of intangible assets | (4,117,757.00) | (2,475,675.00) | (3,852,647.00) | (2,028,875.00) |
| Net cash provided by (used in) investing activities | 54,042,773.83 | (33,362,040.98) | 54,528,459.84 | (16,357,747.18) |
| <u>Cash flows from financing activities</u> | | | | |
| Cash paid for interest expenses | (74,636,653.47) | (86,836,357.68) | (71,649,247.55) | (86,836,357.68) |
| Increase (decrease) in bank overdrafts | (1,880,056.54) | 197,978.41 | (1,880,056.54) | 1,600,887.17 |
| Cash received from short-term loans from financial institutions | 720,000,000.00 | 160,000,000.00 | 720,000,000.00 | 160,000,000.00 |
| Cash paid from short-term loans from financial institutions | (640,000,000.00) | (190,000,000.00) | (640,000,000.00) | (190,000,000.00) |
| Cash received from issuing of bill of exchange | 199,258,994.75 | 926,725,462.35 | 199,258,994.75 | 926,725,462.35 |
| Cash paid for bill of exchange maturity | (400,000,000.00) | (770,000,000.00) | (400,000,000.00) | (770,000,000.00) |
| Cash received from issuing of debentures | 100,000,000.00 | 700,000,000.00 | 100,000,000.00 | 700,000,000.00 |
| Cash paid for debenture maturity | (550,000,000.00) | - | (550,000,000.00) | - |
| Cash received from short-term loans subsidiary | - | - | 50,000,000.00 | - |
| Cash paid for short-term loans subsidiary | - | - | (50,000,000.00) | - |
| Cash received from long-term loans from financial institutions | 570,951,856.50 | 350,570,845.00 | 570,951,856.50 | 350,570,845.00 |
| Cash paid for long-term loans from financial institutions | (511,878,697.35) | (416,717,686.39) | (511,878,697.35) | (416,717,686.39) |
| Cash paid for lease liabilities | (81,477,672.08) | (62,334,049.22) | (71,519,267.16) | (62,334,049.22) |
| Cash paid for dividend | (140,000,000.00) | (190,000,000.00) | (140,000,000.00) | (190,000,000.00) |
| Net cash provided by (used in) financing activities | (809,662,228.19) | 421,606,192.47 | (796,716,417.35) | 423,009,101.23 |
| Net increase (decrease) in cash and cash equivalents | (47,179,811.04) | (3,492,782.46) | (47,078,145.53) | 10,324,707.98 |
| Cash and cash equivalents, beginning of the year | 86,370,717.12 | 89,863,499.58 | 85,935,707.10 | 75,610,999.12 |
| Cash and cash equivalents, ending of the year | 39,190,906.08 | 86,370,717.12 | 38,857,561.57 | 85,935,707.10 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Baht | | | |
|--|-----------------------------------|-----------------|-------------------------------|-----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| <u>Supplemental disclosures of cash flow information</u> | | | | |
| Transferred assets for leases to inventories | 393,363,804.92 | 352,684,625.55 | 393,363,804.92 | 352,684,625.55 |
| Increase (decrease) in account payable for purchase of assets for leases | (22,066,424.34) | (41,006,157.28) | (22,066,424.34) | (41,006,157.28) |
| Increase in leases liabilities | 289,203,497.56 | - | 289,790,531.68 | - |
| Expected credit losses on financial assets adjusted to brought forward retained earnings | 2,378,382.19 | - | 1,459,313.31 | - |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. GENERAL INFORMATION

a) Address and legal status

The Company was registered to be a limited company under the Civil and Commercial Code with the Ministry of Commerce on January 29, 1992. The Company was converted to be a public company limited with the Ministry of Commerce on August 19, 2004.

The address of its registered office are as follow:-

Head office : Located at 455/1, Rama 3 Road, Kwang Bangklo, Khet
Bangkorlaem, Bangkok 10120, Thailand.

Branch office : Located at 288/9, Asoke - Dindang Road, Kwang Bangkapi, Khet
Huaikhwang, Bangkok 10400, Thailand.

According to the Board of Directors Meeting No. 3/2020 dated August 10, 2020, had resolution to the closure of Asoke branch, which shall be effective since September 1, 2020 onwards. The reason of the closure is due to its high fixed cost together with low business volume that considered not worth doing in sense of business. And the Company had registered for the dissolution with Ministry of Commerce on September 11, 2020.

b) Nature the company's business

Main business activities of the company is a provider of operating lease in car rental business and selling of used cars. The others relating car maintenance services are also provided e.g. fitting and repairing services.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by the Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with Thai 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.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2.2 Basis for consolidation financial statements

2.2.1 The accompanying consolidated financial statements include the accounts of Krungthai Car Rent And Lease Public Company Limited and the following a subsidiary since November 1, 2005 as follow:-

| Subsidiary company | Main business | Percentage of holding |
|--------------------------------|--|-----------------------|
| Krungthai Automobile Co., Ltd. | Buying, selling and exchanging cars and spare part for both used and unused, and repairing | 100 |

2.2.2 The acquisition of investment in the subsidiary was recorded by the purchase method

2.2.3 Significant intercompany transactions between the Company and its subsidiary have been eliminated.

2.3 Financial reporting standards that become effective in the current year

During the year, the Company and its subsidiary 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 are cancelled.

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

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.

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 Company and its subsidiary have 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 Company and its subsidiary have 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 consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.
- Not to include information relating to the uncertain COVID-19 situation, which may affect the estimation of future taxable profits. Into data to estimate the adequacy of future taxable profits in order to take advantage of deferred tax assets.

- Not to account for any reduction in lease payments by lessors (if any) as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognized in each period reversed in proportion to the reduction, with any differences then recognized in profit or loss.

2.4 Thai 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 several revised financial reporting standards from the year 2019 by becomes effective for the accounting period beginning on or after January 1, 2021 onwards. Which such adjustments are improve/revise principles the financial reporting is as follows:

Adjustment is reference to the conceptual framework in the financial reporting standards

Several financial reporting standards are reference to “IASB’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.
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 management of the Company and its subsidiary are 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 and its subsidiary are in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 Recognition of revenues and expenses**

The revenues from car leases are recognized as revenue by the straight-line method over the period of contracts but will not recognized if its customers has not paid the leases charges over 3 months.

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

Interest income is recognized as revenue on a time proportion basis the effective yield.

Dividend incomes are recognized when the right to receive the dividends is established.

Other incomes and expenses are recognized on the accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits at financial institutions with an original maturity of 3 months or less and excluded cash at banks which are used for guarantee.

3.3 Trade receivables

Applicable from January 1, 2020

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at its present value.

Trade receivables are stated at the amount expected to be collectible, the Company and its subsidiary apply the TFRS 9 simplified approach to measuring expected credit losses which uses a simplified approach, which requires expected lifetime losses to be recognized 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 recognized in profit or loss within administrative expenses.

Applicable prior to January 1, 2020

The Company and its subsidiary provide allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience and a review of the current status of existing receivables.

3.4 Financial instruments

Applicable from January 1, 2020

At initial recognition, the Company and its subsidiary measure a financial assets and financial liabilities at its fair value. Financial assets and financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets and financial liabilities. Financial assets and financial liabilities at fair value through profit or loss, transaction costs are expensed in profit or loss.

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 Company and its subsidiary classify its financial asset as to be subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL").

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 recycling to profit or loss.

At initial recognition, the Company and its subsidiary measure a financial asset at its fair value plus or minus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Company and its subsidiary's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Company and its subsidiary classify its debt instruments:

- Amortized cost: A financial assets will be measured at amortized 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 recognized directly in profit or loss.

- FVOCI: A financial assets 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. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss.

Dividends from such investments continue to be recognized in profit or loss when the Company and its subsidiary's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized 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

Financial liabilities measured subsequently at amortized cost. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

Recognition and derecognition

The Company and its subsidiary shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the Company and its subsidiary become party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company and its subsidiary commit to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company and its subsidiary have transferred substantially all the risks and rewards of ownership of the financial assets.

Impairment of financial assets

The Company and its subsidiary 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 Company and its subsidiary account 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 Company and its subsidiary applies a simplified approach to determine the lifetime expected credit losses.

Applicable prior to January 1, 2020

Current investment

Investment in available-for-sale securities are determined at fair value. Gains or losses arising from changes in the fair value of securities are recorded separate in shareholder's equity and recorded as gains or losses in statement of comprehensive income when sale of those securities.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the statement of comprehensive income even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in the statement of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in the statement of comprehensive income.

The fair value of unit trusts is calculated from their net asset value of the fund.

3.5 Derivatives and hedging activities

The Company and its subsidiary initially recognized derivatives at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The subsequent changes are recognized in profit or loss.

Derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Company and its subsidiary designate certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges.

At the inception of a hedging relationship, the Company and its subsidiary formally designate and document the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Furthermore, at the inception of the hedge and on an ongoing basis, the Company and its subsidiary documents whether the hedging instrument is effective in offsetting changes in or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements;

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationships; and
- The hedged ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company and its subsidiary actually hedges and the quantity of the hedging instrument that the Company and its subsidiary actually uses to hedge that quantity of hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income. The gain or loss relating to the ineffective portion is recognized in profit or loss.

3.6 Inventories

Inventories are valued at the lower of cost or net realizable value.

The Company determines the cost of spare part by the weighted average method.

The subsidiary company determines the cost of car by the specific method.

The net realizable value of inventory is estimated from selling price in the ordinary course of business, less the estimated costs to complete the sale.

3.7 Investment in subsidiary company

Subsidiary is entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiary is consolidated from the date the Company exercises control over the subsidiary until the date that control power ceases.

Investments in subsidiary company in the separate financial statements are recorded under the cost method net by the allowance for the impairment of investments (if any).

3.8 Assets for disposal

Assets for disposal are stated at cost after deducted accumulated depreciation and allowance for the impairment (if any).

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2020****3.9 Assets for leases**

Assets for leases (car) are stated at cost after deducted accumulated depreciation and allowance for impairment (if any). Depreciation of assets for leases is calculated by cost less residual value on the straight-line method over the estimated useful lives of 5 years.

The Company has reviewed the residual value and useful life of the assets for lease regularly.

3.10 Property, plant and equipment

Land is stated at cost. Plant and equipment are stated at cost after deducted accumulated depreciation and allowance on decline in value (if any).

Cost is initially recognized 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).

Depreciation of equipment is calculated by cost less residual value on the straight-line method over the following estimated useful lives:

| | <u>Useful lives (years)</u> |
|--|-----------------------------|
| Building | 20 |
| Equipment | 5 |
| Furniture & fixture and office equipment | 5 |
| Vehicles | 5 |

The Company and its subsidiary have reviewed the residual value and useful life of the assets regularly.

No depreciation is provided on land, construction in progress and equipment under installation.

The depreciation for each assets component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

Property, Plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

3.11 Intangible assets

Amortization is recorded as expenses in statements of comprehensive income and calculated by the straight -line method over the estimated economic useful live :

| | <u>Useful lives (years)</u> |
|-------------------|-----------------------------|
| Computer software | 10 |
| Copyright | 10 |

3.12 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 capitalized 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.

3.13 Impairment of non-financial assets

As at the statement of financial position date, the Company and its subsidiary assess 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 recognized 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 amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

3.14 Deferred debenture issuing costs

Debenture issuing costs are recorded as deferred financial fees and amortized to be interest expense using the effective interest rate method over the term of the debentures.

Deferred debenture issuing costs are presented as a deduction against the debenture amounts in the statement of financial position.

3.15 Lease

Applicable from January 1, 2020

At inception of a contract, the Company and its subsidiary 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 Company and its subsidiary assess the lease term for the non-cancellable period as stipulated in 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 exercised 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 recognized 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 recognized, 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 shorter of the lease term and the estimated useful lives for each of right-of-use assets.

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 subsidiary and payments of penalties for terminating the lease, if the lease term reflects the Company and its subsidiary exercising the option to terminate.

In calculating the present value of lease payments, the Company and its subsidiary 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 Company and its subsidiary 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 recognized as expense in profit and loss on a straight-line basis over the lease term.

Applicable prior to January 1, 2020

Operating leases

Leases where most of the substantial risks and rewards of ownership of assets still remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Finance lease

Leases which transfer to the Company and subsidiary most of substantial risks and rewards of ownership others than legal title, are accounted for as financial leases. At the inception of the lease the fair value of assets is recorded together with the obligation, excluding interest element, to pay future rentals (if any). Interest or financial charges are recognized as expenses in the statement of comprehensive income in proportion to the principal balance.

3.16 Employee benefits

Short - term employment benefits

The Company and its subsidiary recognize salary, overtime, bonus, social securities and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company and its subsidiary 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 recognized as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company and its subsidiary have 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 and its subsidiary treat 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 are recognized immediately in statement of comprehensive income.

3.17 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, subsidiary and fellow subsidiary 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.

3.18 Provisions

Provisions are recognized when the Company and its subsidiary have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company and its subsidiary expect a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

3.19 Income tax expenses

Income tax comprises current income tax and deferred tax.

Current tax

The Company and its subsidiary record 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 allowable from income tax.

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 recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company and its subsidiary 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 recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiary expect to apply to the period when the deferred tax assets are realized 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 Company and its subsidiary will have no longer 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 tax levied by the same tax authority on the same taxable entity.

3.20 Fair value of financial instruments

The Company and its subsidiary use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices).

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

3.21 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:

DECEMBER 31, 2020**Expected credit losses**

In determining an allowance for expected credit losses for accounts receivable, 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.

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 realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. 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 recognized as cost of sales and service in profit or loss.

Assets for leases and depreciation

In determining depreciation of Assets for leases, the management is required to make estimates of the useful lives and residual values of Assets for leases and to review the estimated useful lives and residual values when there are any changes.

Determining the lease term of contracts with renewal and termination options

The Company and its subsidiary determine 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 Company and its subsidiary reassess 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.

Depreciation of property plant and equipment and right-of-use assets and amortization of intangible assets

In determining depreciation of plant and equipment and right-of-use assets and amortization of intangible assets, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment and right-of-use assets and intangible assets for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognized 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 recognized, 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.

Fair value of financial instruments

In determining the fair value of financial instruments recognized in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

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 interim financial statements, during the current year, the Company and its subsidiary have impacts from adoption of TFRSs related to financial instruments and TFRS 16. The cumulative effect of the changes in accounting policies are recognized as an adjustment to retained earnings as at January 1, 2020 and the comparative information was not restated.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

The changes in accounting policies due to the adoption of above financial reporting standards, are summarized below.

| | Baht | | | |
|--|-----------------------------------|--|---------------------------|-------------------------|
| | Consolidated financial statements | | | |
| | As at December 31, 2019 | The impacts of TFRSs related to financial instruments | The impacts of TFRS 16 | |
| Statement of financial position | | | | |
| Investments in available-for-sale securities | 59,087,104.00 | (59,087,104.00) | - | - |
| Trade and other current receivables | 167,788,006.73 | (2,378,382.19) | - | 165,409,624.54 |
| Other current financial assets | - | 59,087,104.00 | - | 59,087,104.00 |
| Right-of-use assets | - | - | 104,848,219.40 | 104,848,219.40 |
| Leasehold right | 10,657,946.15 | - | (10,657,946.15) | - |
| Total assets | 5,530,700,370.43 | (2,378,382.19) | 94,190,273.25 | 5,622,512,261.49 |
| Current portion of lease liabilities | 48,685,489.69 | - | 11,791,939.27 | 60,477,428.96 |
| Lease liabilities | 2,928,507.87 | - | 82,398,333.98 | 85,326,841.85 |
| Total liabilities | 3,475,324,804.54 | - | 94,190,273.25 | 3,569,515,077.79 |
| Retained earnings - unappropriated | 1,612,899,691.29 | (2,352,877.79) | - | 1,610,546,813.50 |
| Gain from investment in securities measurement | 25,504.40 | (25,504.40) | - | - |
| Total shareholder's equity | 2,055,375,565.89 | (2,378,382.19) | - | 2,052,997,183.70 |

| | Baht | | | |
|--|-------------------------------|--|---------------------------|-------------------------|
| | Separate financial statements | | | |
| | As at December 31, 2019 | The impacts of TFRSs related to financial instruments | The impacts of TFRS 16 | |
| Statement of financial position | | | | |
| Investments in available-for-sale securities | 59,081,116.89 | (59,081,116.89) | - | - |
| Trade and other current receivables | 155,405,746.45 | (1,459,313.31) | - | 153,946,433.14 |
| Other current financial assets | - | 59,081,116.89 | - | 59,081,116.89 |
| Right-of-use assets | - | - | 18,316,260.49 | 18,316,260.49 |
| Leasehold right | 5,617,518.69 | - | (5,617,518.69) | - |
| Total assets | 5,310,346,602.98 | (1,459,313.31) | 12,698,741.80 | 5,321,586,031.47 |
| Current portion of lease liabilities | 48,685,489.69 | - | 1,246,500.21 | 49,931,989.90 |
| Lease liabilities | 2,928,507.87 | - | 11,452,241.59 | 14,380,749.46 |
| Total liabilities | 3,489,169,142.55 | - | 12,698,741.80 | 3,501,867,884.35 |
| Retained earnings - unappropriated | 1,378,701,701.26 | (1,433,924.34) | - | 1,377,267,776.92 |
| Gain from investment in securities measurement | 25,388.97 | (25,388.97) | - | - |
| Total shareholder's equity | 1,821,177,460.43 | (1,459,313.31) | - | 1,819,718,147.12 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO 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 | |
|--|--------------------------------------|----------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Retained earnings - unappropriated as at December 31, 2019 | 1,612,899,691.29 | 1,378,701,701. |
| Increase in loss allowance for trade and other current receivables | (2,378,382.19) | (1,459,313. |
| Debt instruments - Fair value through profit or loss | 25,504.40 | 25,388. |
| Retained earnings - unappropriated as at January 1, 2020 - TFRS 9 | <u>1,610,546,813.50</u> | <u>1,377,267,776.</u> |

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS9 as at January 1, 2020 (the date of initial application), and with the carrying amounts under the former basis, are as follows:-

| | Baht | | |
|---|-----------------------------------|-------------------------|----------------------|
| | Consolidated financial statements | | |
| | FVPL | Amortized cost | Total |
| Financial assets as at January 1, 2020 | | | |
| Cash and cash equivalents | - | 86,370,717.12 | 86,370,717 |
| Other current financial assets | 59,087,104.00 | - | 59,087,104 |
| Trade and other current receivables | - | 165,409,624.54 | 165,409,624 |
| Prepaid insurance premium | - | 58,946,420.06 | 58,946,420 |
| Revenue account receivable | - | 63,908,202.84 | 63,908,202 |
| Fixed deposit using for guarantee | - | 50,020,936.88 | 50,020,936 |
| | <u>59,087,104.00</u> | <u>424,655,901.44</u> | <u>483,743,005</u> |
| Financial liabilities as at January 1, 2020 | | | |
| Bank overdrafts and short-term loans from | | | |
| financial institutions | - | 41,880,056.54 | 41,880,056 |
| Bill of exchange | - | 199,669,730.18 | 199,669,730 |
| Trade and other current payables | - | 73,789,227.07 | 73,789,227 |
| Accounts payable-purchase assets for leases | - | 141,209,004.10 | 141,209,004 |
| Long-term loans from financial institutions | - | 1,020,874,590.17 | 1,020,874,590 |
| Lease liabilities | - | 51,613,997.56 | 51,613,997 |
| Debentures | - | 1,847,885,911.29 | 1,847,885,911 |
| | - | <u>3,376,922,516.91</u> | <u>3,376,922,516</u> |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

| | Baht | | |
|--|-------------------------------|-------------------------|-------------------------|
| | Separate financial statements | | |
| | FVPL | Amortized cost | Total |
| Financial assets as at January 1, 2020 | | | |
| Cash and cash equivalents | - | 85,935,707.10 | 85,935,707.10 |
| Other current financial assets | 59,081,116.89 | - | 59,081,116.89 |
| Trade and other current receivables | - | 153,946,433.14 | 153,946,433.14 |
| Prepaid insurance premium | - | 58,946,420.06 | 58,946,420.06 |
| Revenue account receivable | - | 63,908,202.84 | 63,908,202.84 |
| Fixed deposit using for guarantee | - | 50,020,936.88 | 50,020,936.88 |
| | <u>59,081,116.89</u> | <u>412,757,700.02</u> | <u>471,838,816.91</u> |
| Financial liabilities as at January 1, 2020 | | | |
| Bank overdrafts and short-term loans from financial institutions | | | |
| | - | 41,880,056.54 | 41,880,056.54 |
| Bill of exchange | - | 199,669,730.18 | 199,669,730.18 |
| Trade and other current payables | - | 90,425,496.41 | 90,425,496.41 |
| Accounts payable-purchase assets for leases | - | 141,209,004.10 | 141,209,004.10 |
| Long-term loans from financial institutions | - | 1,020,874,590.17 | 1,020,874,590.17 |
| Lease liabilities | - | 51,613,997.56 | 51,613,997.56 |
| Debentures | - | 1,847,885,911.29 | 1,847,885,911.29 |
| | <u>-</u> | <u>3,393,558,786.25</u> | <u>3,393,558,786.25</u> |

The Company and its subsidiary classified debt investments that do not qualify for measurement at either amortized cost or FVOCI at fair value through profit or loss (FVPL).

Financial assets mandatorily measured at FVPL as at January 1, 2020 include the following:

| | Baht | |
|---------------------------------------|-----------------------------------|-------------------------------|
| | Consolidated financial statements | Separate financial statements |
| <u>Other current financial assets</u> | | |
| Mutual funds | <u>59,087,104.00</u> | <u>59,081,116.89</u> |
| Total other current financial assets | <u>59,087,104.00</u> | <u>59,081,116.89</u> |

Impairment of financial assets

The Company and its subsidiary have trade receivables that are subject to the expected credit loss model.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

Trade receivables

The Company and its subsidiary apply the simplified approach to measuring expected credit losses, which use a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles, the corresponding historical credit losses experienced and the impact of potential factor to the expected loss rates.

On that basis, the loss allowance for trade receivables was as follows:

| | Baht | | | | | |
|-----------------------|-----------------------------------|----------------|--------------|---------------|----------------|----------------|
| | Consolidated financial statements | | | | | |
| | Not yet due | Up to 3 months | 3 - 6 months | 6 - 12 months | Over 12 months | Total |
| As at January 1, 2020 | | | | | | |
| Trade receivable | 111,640,627.38 | 12,466,489.42 | 2,495,695.04 | 1,569,823.82 | 1,345,224.00 | 129,517,859.66 |
| Loss allowance | 491,876.39 | 930,118.69 | 1,804,071.13 | 1,468,442.65 | 1,360,965.00 | 6,055,473.86 |

| | Baht | | | | | |
|-----------------------|-------------------------------|----------------|--------------|---------------|----------------|----------------|
| | Separate financial statements | | | | | |
| | Not yet due | Up to 3 months | 3 - 6 months | 6 - 12 months | Over 12 months | Total |
| As at January 1, 2020 | | | | | | |
| Trade receivable | 103,376,810.88 | 11,736,107.42 | 1,620,975.39 | 1,569,823.82 | 1,345,224.00 | 119,648,941.51 |
| Loss allowance | 469,478.23 | 901,518.79 | 936,000.31 | 1,468,442.65 | 1,360,965.00 | 5,136,404.98 |

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 follow:

| | Baht | |
|---|-----------------------------------|-------------------------------|
| | Consolidated financial statements | Separate financial statements |
| <u>Loss allowance for trade receivables</u> | | |
| As at December 31, 2019 | 3,677,091.67 | 3,677,091.67 |
| Amounts restated through opening unappropriated retained earnings | 2,378,382.19 | 1,459,313.31 |
| As at January 1, 2020 | <u>6,055,473.86</u> | <u>5,136,404.98</u> |

4.2 Leases

Upon initial application of TFRS 16 the Company and its subsidiary recognized 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 and its subsidiary recognized the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

| | Baht | |
|--|--------------------------------------|----------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Operating lease commitments disclosed as at December 31, 2019 | 97,854,164.00 | 8,616,800.00 |
| <u>Add: Purchase or extension options reasonably certain to be exercised</u> | <u>19,336,950.00</u> | <u>6,371,700.00</u> |
| | 117,191,114.00 | 14,988,500.00 |
| <u>Less: Deferred interest expenses</u> | <u>(23,000,840.75)</u> | <u>(2,289,758.20)</u> |
| Additional lease liabilities from TFRS 16 adoption | 94,190,273.25 | 12,698,741.80 |
| Finance lease liabilities as at December 31, 2019 | <u>51,613,997.56</u> | <u>51,613,997.56</u> |
| Lease liabilities recognized as at January 1, 2020 | <u>145,804,270.81</u> | <u>64,312,739.36</u> |
| Of which are: | | |
| Current lease liabilities | 60,477,428.96 | 49,931,989.90 |
| Non-current lease liabilities | <u>85,326,841.85</u> | <u>14,380,749.46</u> |
| | <u>145,804,270.81</u> | <u>64,312,739.36</u> |

The recognized right-of-use assets relate to type the of assets as at January 1, 2020 as follows.

| | Baht | |
|------------------------------|--------------------------------------|----------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Land and land improvements | 81,685,002.97 | 4,372,232.29 |
| Buildings on leasehold right | <u>12,505,270.28</u> | <u>8,326,509.51</u> |
| Total right-of-use assets | <u>94,190,273.25</u> | <u>12,698,741.80</u> |

5. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:-

| | Nature of business | Relationship |
|---------------------------------|---|------------------------------------|
| <u>Subsidiary company</u> | | |
| Krungthai Automobile Co., Ltd. | Buying, selling and exchanging car and spare parts for both new and unused, and repairing | 100% of holding |
| <u>Related companies</u> | | |
| Thanapat Property Co., Ltd. | Office rental | Shareholder/Co-Director |
| Siam Nissan Krungthai Co., Ltd. | Selling car and repair service | Shareholder/Co-Director |
| Toyota Krungthai Co., Ltd. | Selling car and repair service | Shareholder/Co-Director |
| Car Loft Import Co., Ltd. | Selling car import | Shareholder/Co-Director |
| Mitsu Impression Co., Ltd. | Selling car and repair service | Shareholder/Co-Director |
| <u>Related person</u> | | |
| Mrs. Wipaporn Chantarasereekul | | Shareholder/the mother of director |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

During the year, the Company has significant business transactions with subsidiary and related parties as follows:

| | Pricing Policy | Baht | | | |
|--|---|-----------------------------------|-------------------------|-------------------------------|-------------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 2020 | 2019 | 2020 | 2019 |
| <u>Transaction in the statements of comprehensive income</u> | | | | | |
| <u>Subsidiary company</u> | | | | | |
| Revenue : | | | | | |
| Interest received | Interest rate of 2.50% - 3.10% per annum | - | - | - | 141,005.48 |
| Expenses : | | | | | |
| Commission expenses | Agreed price | - | - | 17,200,934.58 | 11,985,981.14 |
| Sales promotion expenses | Agreed price | - | - | 14,960,000.00 | 13,146,000.00 |
| Interest expenses | Interest rate financial institutions | - | - | 36,266.06 | 13,529.47 |
| | Interest rate of 2.60% per annum | - | - | 397,814.18 | - |
| Purchase of assets : | | | | | |
| Cars for leases | Market price for major buyer | - | - | 1,955,700.93 | 364,485.98 |
| <u>Related company</u> | | | | | |
| Revenue : | | | | | |
| Income on sale of cars | | | | | |
| Car Loft Import Co., Ltd. | At cost after deduct special discount | 4,718,429.91 | - | - | - |
| Commission income | | | | | |
| Toyota Krungthai Co., Ltd. | Agreed price | 10,760,000.00 | - | 10,760,000.00 | - |
| Show room for rent | | | | | |
| Siam Nissan Krungthai Co., Ltd. | Agreed price by area 350 sqm., rental charge at 83,000 Baht/Month | 996,000.00 | 996,000.00 | 996,000.00 | 996,000.00 |
| Service center income | | | | | |
| Siam Nissan Krungthai Co., Ltd. | Agreed price | 5,338,032.67 | 5,250,870.00 | 5,338,032.67 | 5,250,870.00 |
| Rental fee | | | | | |
| Car Loft Import Co., Ltd. | Rental charge at 86,290 Baht/Month | 1,312,900.00 | 1,035,480.00 | - | - |
| Interest received | | | | | |
| Siam Nissan Krungthai Co., Ltd. | Interest rate of 3.15% per annum | - | 210,575.34 | - | 210,575.34 |
| Expenses : | | | | | |
| Commission expense | | | | | |
| Car Loft Import Co., Ltd. | Agreed price | 2,042,763.64 | 490,654.20 | 2,042,763.64 | 490,654.20 |
| Repair expense | | | | | |
| Siam Nissan Krungthai Co., Ltd. | Market price | 838,100.63 | 1,617,700.36 | 825,446.38 | 1,613,450.36 |
| Toyota Krungthai Co., Ltd. | Market price | 6,737,857.76 | 10,045,696.26 | 5,752,244.87 | 8,436,109.91 |
| Car Loft Import Co., Ltd. | Market price | 147,492.12 | 695,752.00 | 141,572.12 | 695,752.00 |
| Mitsu Impression Co., Ltd. | Market price | 173,782.65 | - | 173,782.65 | - |
| | | <u>7,897,233.16</u> | <u>12,359,148.62</u> | <u>6,893,046.02</u> | <u>10,745,312.27</u> |
| Purchase of assets : | | | | | |
| Car for leases | | | | | |
| Siam Nissan Krungthai Co., Ltd. | Market price net of special fleet discount | 1,367,385.98 | 4,458,790.65 | 1,367,385.98 | 4,458,790.65 |
| Toyota Krungthai Co., Ltd. | Market price net of special fleet discount | 624,752,414.48 | 886,103,505.23 | 624,752,414.48 | 886,103,505.23 |
| Car Loft Import Co., Ltd. | Market price for major buyer | 83,270,093.46 | 73,601,869.16 | 83,270,093.46 | 73,601,869.16 |
| Mitsu Impression Co., Ltd. | Market price net of special fleet discount | 19,144,514.96 | 71,369,114.02 | 19,144,514.96 | 71,369,114.02 |
| | | <u>728,534,408.88</u> | <u>1,035,533,279.06</u> | <u>728,534,408.88</u> | <u>1,035,533,279.06</u> |
| <u>Related person</u> | | | | | |
| Interest expenses | Interest rate of 3.22% per annum | 1,632,054.79 | 3,220,000.00 | 1,632,054.79 | 3,220,000.00 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2020**

The outstanding between the Company, subsidiary and related companies as at December 31, 2020 and 2019 are as follows:-

| | Baht | | | |
|---|-----------------------------------|---------------|-------------------------------|-----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| <u>Outstanding balances at the statements of financial position</u> | | | | |
| <u>Subsidiary company</u> | | | | |
| Receivable - down payment | - | - | 1,184,646.00 | 808,444.00 |
| Accrued interest expenses | - | - | 5,527.30 | 4,188.74 |
| Subsidiary payable | - | - | 56,535,245.30 | 17,962,038.05 |
| Accrued expenses - commission | - | - | 6,151,000.00 | 5,230,000.00 |
| Short-term loans to : | | | | |
| Balance beginning | - | - | - | 15,000,000.00 |
| Additional loans | - | - | - | 7,000,000.00 |
| Return loans | - | - | - | (22,000,000.00) |
| Balance forward | - | - | - | - |
| Short-term loans from : | | | | |
| Balance beginning | - | - | - | - |
| Additional loans | - | - | 50,000,000.00 | - |
| Return loans | - | - | (50,000,000.00) | - |
| Balance forward | - | - | - | - |
| <u>Related company</u> | | | | |
| Accrued income | | | | |
| Toyota Krungthai Co., Ltd. | 6,720,000.00 | - | 6,720,000.00 | - |
| Other current receivables | | | | |
| Siam Nissan Krungthai Co., Ltd. | 498,383.80 | 938,513.06 | 498,383.80 | 938,513.06 |
| Right-of-use assets | | | | |
| Siam Nissan Krungthai Co., Ltd. | 7,306,936.92 | - | 7,306,936.92 | - |
| Lease liabilities | | | | |
| Siam Nissan Krungthai Co., Ltd. | 7,448,980.93 | - | 7,448,980.93 | - |
| Trade and other current payables | | | | |
| Siam Nissan Krungthai Co., Ltd. | 233,812.97 | 86,066.21 | 15,134.08 | 86,066.21 |
| Toyota Krungthai Co., Ltd. | 1,598,312.66 | 1,263,836.38 | 1,582,109.37 | 1,263,836.38 |
| Car Loft Import Co., Ltd. | 212,349.64 | 148,222.84 | 212,349.64 | 125,658.67 |
| Mitsu Impression Co.,Ltd. | 60,021.06 | - | 60,021.06 | - |
| Total | 2,104,496.33 | 1,498,125.43 | 1,869,614.15 | 1,475,561.26 |
| Payables - purchase assets for leases | | | | |
| Toyota Krungthai Co., Ltd. | 5,535,186.00 | 57,744,894.60 | 5,535,186.00 | 57,744,894.60 |
| Accrued expenses - commission | | | | |
| Car Loft Import Co., Ltd. | 168,224.30 | 56,074.77 | 168,224.30 | 56,074.77 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

| | Baht | | | |
|---------------------------------|-----------------------------------|-----------------|-------------------------------|-----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Short-term loans to : | | | | |
| Siam Nissan Krungthai Co., Ltd. | | | | |
| Balance beginning | - | - | - | - |
| Additional loan | - | 40,000,000.00 | - | 40,000,000.00 |
| Return loan | - | (40,000,000.00) | - | (40,000,000.00) |
| Balance forward | - | - | - | - |
| <u>Related person</u> | | | | |
| Debentures | - | 100,000,000.00 | - | 100,000,000.00 |
| Accrued interest expenses | - | 79,397.26 | - | 79,397.26 |

Directors and executive remuneration

Management benefit expenses represents the benefits paid to the Company's management such as salaries and related benefit 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 comprises board of directors, president, executive director, assistant managing directors and manager.

Directors and executive remuneration for the years ended December 31, 2020 and 2019 consisted of:

| | Baht | | | |
|---------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Directors | 1,643,798.03 | 1,555,903.10 | 1,643,798.03 | 1,555,903.10 |
| Executive directors | 9,497,407.56 | 8,993,944.38 | 9,497,407.56 | 8,993,944.38 |
| Executives | 11,622,693.80 | 11,144,210.91 | 11,622,693.80 | 10,973,381.77 |
| Total | 22,763,899.39 | 21,694,058.39 | 22,763,899.39 | 21,523,229.25 |

6. CASH AND CASH EQUIVALENTS

This account consisted of:

| | Baht | | | |
|----------------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Cash on hand | 277,492.10 | 288,515.34 | 108,365.18 | 111,569.31 |
| Cash at banks - current accounts | 1,103,948.27 | 5,645,031.20 | 1,103,948.27 | 5,645,031.20 |
| Cash at banks - savings accounts | 37,809,465.71 | 80,437,170.58 | 37,645,248.12 | 80,179,106.55 |
| Total | 39,190,906.08 | 86,370,717.12 | 38,857,561.57 | 85,935,707.10 |

The Company and its subsidiary have made an agreement to allow the bank to automatically transfer funds from the savings accounts to such current accounts, in case of an overdraft.

As at December 31, 2020 and 2019, the Company has cash at banks-savings accounts has interest rate of 0.10% - 0.375% per annum.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

7. TRADE AND OTHER CURRENT RECEIVABLES

The outstanding balance of trade and other current receivables aging are as follow:-

| | Baht | | | |
|---|-----------------------------------|----------------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Trade receivables | | | | |
| Undue | 124,371,566.95 | 111,640,627.38 | 118,097,634.29 | 103,376,810.88 |
| Over 0 months to 3 months | 24,888,370.58 | 12,466,489.42 | 24,888,370.58 | 11,736,107.42 |
| Over 3 months to 6 months | 1,895,970.17 | 2,495,695.04 | 1,895,970.17 | 1,620,975.39 |
| Over 6 months to 12 months | 1,561,239.88 | 1,569,823.82 | 1,561,239.88 | 1,569,823.82 |
| Over 12 months | 2,933,822.59 | 1,345,224.00 | 2,933,822.59 | 1,345,224.00 |
| Total | 155,650,970.17 | 129,517,859.66 | 149,377,037.51 | 119,648,941.51 |
| Less Allowance for expected credit losses | (6,364,469.82) | - | (6,343,116.25) | - |
| Less Allowance for doubtful accounts | - | (3,677,091.67) | - | (3,677,091.67) |
| Trade receivables - net | 149,286,500.35 | 125,840,767.99 | 143,033,921.26 | 115,971,849.84 |
| Other current receivables | | | | |
| Accrued incomes | 17,601,147.23 | 9,684,856.04 | 17,300,206.75 | 9,486,241.63 |
| Prepaid expenses | 26,736,688.65 | 23,464,726.68 | 26,437,696.02 | 23,302,990.49 |
| Insurance receivables | 2,785,812.00 | 3,067,084.14 | 2,785,812.00 | 3,067,084.14 |
| Other | 4,767,679.89 | 5,730,571.88 | 2,442,958.56 | 3,577,580.35 |
| Total other current receivables | 51,891,327.77 | 41,947,238.74 | 48,966,673.33 | 39,433,896.61 |
| Total trade and other current receivables | 201,177,828.12 | 167,788,006.73 | 192,000,594.59 | 155,405,746.45 |
| Trade receivables-net consisted of: | | | | |
| Trade receivables of car leases | 98,364,986.98 | 94,542,099.08 | 98,364,986.98 | 94,542,099.08 |
| Trade receivables of sale of cars | 50,921,513.37 | 31,298,668.91 | 44,668,934.28 | 21,429,750.76 |
| Total | 149,286,500.35 | 125,840,767.99 | 143,033,921.26 | 115,971,849.84 |

8. INVENTORIES

This account consisted of:

| | Baht | | | |
|--------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Car | 143,684,213.51 | 233,357,717.69 | 101,414,525.02 | 161,184,752.00 |
| Spare parts of car | 2,112,091.31 | 1,662,559.05 | 1,369,089.31 | 1,662,559.00 |
| Total | 145,796,304.82 | 235,020,276.74 | 102,783,614.33 | 162,847,311.10 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

9. CASH AT BANK USING FOR GUARANTEE

As at December 31, 2020 and 2019, the Company has fixed deposit accounts with a local commercial banks 2 credit lines, respectively, and fixed deposit accounts was guaranteed as follows:-

| Credit Line No. | Credit amount (Million Baht) | Guaranteed |
|-----------------|---------------------------------|---|
| 1 | 20 | - The letter of guarantee issued by the bank for rental contracts, bidding envelope and using electricity of the company credit line of Baht 100 million. |
| 2 | 20 | - Short - term loans in promissory note in credit line of Baht 80 million (see Note 17). |
| | 10 | - Bank overdrafts credit line of Baht 20 million (see Note 17). |
| | <u>50</u> | |

During the year 2020 and 2019, the fixed deposit accounts has interest rate of 0.25% - 0.95% per annum.

10. INVESTMENT IN SUBSIDIARY COMPANY

This account consisted of:

| | Number of shares | | Percentage of holding | | Baht | | | | |
|--------------------------------|------------------|---------|-----------------------|------|---|-----------------------|-------------------------------|----------------------|----------------------|
| | | | | | Value of investment under the equity method | | Separate financial statements | | |
| | | | | | At cost | | | | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | |
| <u>Subsidiary company</u> | | | | | | | | | |
| Krungthai Automobile Co., Ltd. | 400,000 | 400,000 | 100 | 100 | 285,313,006.57 | 283,010,405.46 | 48,812,300.00 | 48,812,300.00 | 48,812,300.00 |
| | | | | | <u>285,313,006.57</u> | <u>283,010,405.46</u> | <u>48,812,300.00</u> | <u>48,812,300.00</u> | <u>48,812,300.00</u> |

11. ASSETS FOR LEASES

This account consisted of:

| | Baht | | | |
|--------------------------------------|--|-------------------------|-------------------------------------|-----------------------------------|
| | Consolidated/Separate financial statements | | | |
| | Balance per book Dec. 31, 2019 | Additions | Transferred in (Transferred out) | Balance per book Dec. 31, 2020 |
| <u>At cost</u> | | | | |
| Car | 6,220,714,663.87 | 1,221,650,800.31 | (1,018,152,695.87) | 6,424,212,768.31 |
| Car accessories | 182,714,908.59 | 13,931,857.63 | (21,662,460.74) | 174,984,305.48 |
| Total | <u>6,403,429,572.46</u> | <u>1,235,582,657.94</u> | <u>(1,039,815,156.61)</u> | <u>6,599,197,073.79</u> |
| <u>Less Accumulated depreciation</u> | | | | |
| Car | 2,011,063,355.87 | 836,616,714.19 | (628,024,973.13) | 2,219,655,096.93 |
| Car accessories | 100,672,897.83 | 33,904,336.32 | (18,426,378.56) | 116,150,855.59 |
| Total | <u>2,111,736,253.70</u> | <u>870,521,050.51</u> | <u>(646,451,351.69)</u> | <u>2,335,805,952.52</u> |
| Assets for leases - net | <u>4,291,693,318.76</u> | | | <u>4,263,391,121.27</u> |

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

| | Baht | | | |
|--------------------------------------|--|-------------------------|-------------------------------------|-----------------------------------|
| | Consolidated/Separate financial statements | | | |
| | Balance per book Dec. 31, 2018 | Additions | Transferred in (Transferred out) | Balance per book Dec. 31, 2019 |
| <u>At cost</u> | | | | |
| Car | 5,489,530,551.78 | 1,647,291,595.55 | (916,107,483.46) | 6,220,714,663.87 |
| Car accessories | 166,870,334.94 | 24,542,817.48 | (8,698,243.83) | 182,714,908.59 |
| Total | <u>5,656,400,886.72</u> | <u>1,671,834,413.03</u> | <u>(924,805,727.29)</u> | <u>6,403,429,572.46</u> |
| <u>Less Accumulated depreciation</u> | | | | |
| Car | 1,787,137,031.95 | 788,115,590.14 | (564,189,266.22) | 2,011,063,355.87 |
| Car accessories | 74,885,216.84 | 33,719,516.51 | (7,931,835.52) | 100,672,897.83 |
| Total | <u>1,862,022,248.79</u> | <u>821,835,106.65</u> | <u>(572,121,101.74)</u> | <u>2,111,736,253.70</u> |
| Assets for leases - net | <u>3,794,378,637.93</u> | | | <u>4,291,693,318.76</u> |

As at December 31, 2020 and 2019, the Company has cars for leases liabilities as follow:-

| | Baht | | | |
|------|-------------|------|----------------|---------------|
| | Amount Cars | | Net Value | |
| | 2020 | 2019 | 2020 | 2019 |
| Cars | 414 | 253 | 278,439,287.36 | 77,795,910.68 |

As at December 31, 2020 and 2019, the Company has transferred the right of 1,968 and 2,339 cars' registers, respectively as collateral for long-term loans from 2 local financial institutions. (see Note 19).

As at December 31, 2020 and 2019, the Company has minimum amounts on car leases under uncanceled operating lease agreements, presented by amounting in contracts as follow :-

| | Baht | |
|------------------------|-------------------------|-------------------------|
| | 2020 | 2019 |
| Under 1 year | 1,127,575,591.98 | 1,169,065,323.50 |
| Over 1 year to 5 years | 1,656,904,457.71 | 1,788,656,580.95 |
| Total | <u>2,784,480,049.69</u> | <u>2,957,721,904.45</u> |

As at December 31, 2020 and 2019, the Company has been fully depreciated cars for leases but they are still in used at total amounting cost of Baht 348.30 million and Baht 255.53 million, respectively.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

As at December 31, 2018, the Company has 6 credit lines of long-term loans with four local financial institutions. Each credit line has been withdrawn to several loans and the details are as follows:

| Credit line | Credit line using (Million Baht) | Withdrawal loan (Million Baht) | Interest Rate per annum | Monthly installment (Million Baht) | The first installment date of 1 st loan to The final installment date of final loan | Guaranteed The right of car's registers of the company |
|-------------|-------------------------------------|-----------------------------------|----------------------------|---------------------------------------|---|---|
| 1 | 150 | 150 | MLR - 2.5% | 2.92 | May. 16 - Aug. 19 | 203 |
| 2 | 630 | 546.83 | Fixed Rate | 5.96 | Aug. 16 - Jul. 21 | 1,192 |
| 3 | 100 | 100 | MLR-2.7625% | 1.94 | Aug. 16 - Sep. 19 | 129 |
| 4 | 150 | 150 | Fixed Rate | 3.00 | Sep. 16 - Dec. 19 | 203 |
| 5 | 200 | 200 | Fixed Rate | 4.00 | Jan. 17 - Feb. 20 | 270 |
| 6 | 1,000 | 447.38 | Fixed Rate | 7.28 | Sep. 17 - Oct. 21 | 553 |
| | <u>2,230</u> | <u>1,594.21</u> | | <u>25.10</u> | | <u>2,550</u> |

Under the long - term loan agreements, the Company shall have to comply with certain conditions and restrictions as specified in the agreement. The Company has to maintain a proper financial ratio at the agreed rate (3.5 : 1 time)

As at December 31, 2019 and 2018 movements in long-term loans from financial institutions are as follows:-

| | Baht | |
|--|--|-------------------------|
| | Consolidated/Separate financial statements | |
| | 2019 | 2018 |
| Balance beginning of the year | 1,087,021,431.56 | 1,140,395,457.80 |
| <u>Add Loan increase during the year</u> | 350,570,845.00 | 350,821,823.00 |
| <u>Less Repayment during the year</u> | (416,717,686.39) | (404,195,849.24) |
| Balance ending of the year | <u>1,020,874,590.17</u> | <u>1,087,021,431.56</u> |

21. LIABILITIES UNDER FINANCIAL LEASE AGREEMENTS

This account consisted of:

| | Baht | |
|--|--|----------------------|
| | Consolidated/Separate financial statements | |
| | 2019 | 2018 |
| Liabilities under financial lease agreements - car | 53,103,065.83 | 118,505,417.47 |
| <u>Less Deferred interest</u> | (1,489,068.27) | (4,557,370.69) |
| | 51,613,997.56 | 113,948,046.78 |
| <u>Less Current portion due within one year</u> | (48,685,489.69) | (62,315,758.41) |
| Net | <u>2,928,507.87</u> | <u>51,632,288.37</u> |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

12. PROPERTY, PLANT AND EQUIPMENT

This account consisted of:

| | Baht | | | | |
|--|-----------------------------------|---------------------|-----------------------|-------------------------------|-----------------------|
| | Consolidated financial statements | | | | |
| | Balance per book Dec. 31, 2019 | Additions | Deductions | Transfer in (Transfer out) | |
| <u>At cost</u> | | | | | |
| Land | 143,650,000.00 | - | - | - | 143,650,000.00 |
| Building | 27,591,810.02 | - | - | - | 27,591,810.02 |
| Equipment | 9,881,233.21 | 192,531.92 | - | - | 10,073,765.13 |
| Furniture & fixture and office equipment | 33,891,636.73 | 1,282,696.99 | (2,134,410.65) | 979,256.35 | 34,019,179.42 |
| Vehicles | 260,003.74 | - | (38,599.01) | - | 221,404.73 |
| Work in progress | 947,657.00 | 31,599.35 | - | (979,256.35) | - |
| Total | <u>216,222,340.70</u> | <u>1,506,828.26</u> | <u>(2,173,009.66)</u> | - | <u>215,556,159.30</u> |
| <u>Less Accumulated depreciation</u> | | | | | |
| Building | 2,737,741.11 | 1,379,590.50 | - | - | 4,117,331.61 |
| Equipment | 7,918,432.69 | 660,441.21 | - | - | 8,578,873.90 |
| Furniture & fixture and office equipment | 29,209,538.07 | 1,856,751.64 | (2,116,349.73) | - | 28,949,939.98 |
| Vehicles | 259,996.77 | - | (38,599.01) | - | 221,397.76 |
| Total | <u>40,125,708.64</u> | <u>3,896,783.35</u> | <u>(2,154,948.74)</u> | - | <u>41,867,543.25</u> |
| Property, plant and equipment - net | <u>176,096,632.06</u> | | | | <u>173,688,616.05</u> |

| | Baht | | | | |
|--|-----------------------------------|---------------------|-----------------------|-----------------------------------|-----------------------|
| | Consolidated financial statements | | | | |
| | Balance per book Dec. 31, 2018 | Additions | Deductions | Balance per book Dec. 31, 2019 | |
| <u>At cost</u> | | | | | |
| Land | 143,650,000.00 | - | - | - | 143,650,000.00 |
| Building | 27,591,810.02 | - | - | - | 27,591,810.02 |
| Equipment | 9,494,343.57 | 386,889.64 | - | - | 9,881,233.21 |
| Furniture & fixture and office equipment | 33,937,258.58 | 1,185,179.09 | (1,230,800.94) | - | 33,891,636.73 |
| Vehicles | 260,003.74 | - | - | - | 260,003.74 |
| Work in progress | - | 947,657.00 | - | - | 947,657.00 |
| Total | <u>214,933,415.91</u> | <u>2,519,725.73</u> | <u>(1,230,800.94)</u> | - | <u>216,222,340.70</u> |
| <u>Less Accumulated depreciation</u> | | | | | |
| Building | 1,358,150.61 | 1,379,590.50 | - | - | 2,737,741.11 |
| Equipment | 7,218,011.55 | 700,421.14 | - | - | 7,918,432.69 |
| re and office equipment | 28,868,912.00 | 1,571,422.01 | (1,230,795.94) | - | 29,209,538.07 |
| Vehicles | 259,996.77 | - | - | - | 259,996.77 |
| Total | <u>37,705,070.93</u> | <u>3,651,433.65</u> | <u>(1,230,795.94)</u> | - | <u>40,125,708.64</u> |
| Property, plant and equipment - net | <u>177,228,344.98</u> | | | | <u>176,096,632.06</u> |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

| | Baht | | | |
|--|-----------------------------------|---------------------|-----------------------|-----------------------------------|
| | Separate financial statements | | | |
| | Balance per book Dec. 31, 2019 | Additions | Deductions | Balance per book Dec. 31, 2020 |
| <u>At cost</u> | | | | |
| Equipment | 8,462,884.93 | 189,786.30 | - | 8,652,671.23 |
| Furniture & fixture and office equipment | 23,041,234.22 | 1,123,030.03 | (2,094,429.89) | 22,069,834.36 |
| Vehicles | 260,003.74 | - | (38,599.98) | 221,403.76 |
| Total | <u>31,764,122.89</u> | <u>1,312,816.33</u> | <u>(2,133,029.87)</u> | <u>30,943,909.35</u> |
| <u>Less Accumulated depreciation</u> | | | | |
| Equipment | 6,705,374.58 | 601,286.88 | - | 7,306,661.46 |
| Furniture & fixture and office equipment | 20,688,672.96 | 888,648.62 | (2,072,371.94) | 19,500,949.64 |
| Vehicles | 259,996.77 | - | (38,599.01) | 221,397.76 |
| Total | <u>27,654,044.31</u> | <u>1,489,935.50</u> | <u>(2,114,970.95)</u> | <u>27,029,008.86</u> |
| Property, plant and equipment - net | <u>4,110,078.58</u> | | | <u>3,914,900.49</u> |

| | Baht | | | |
|--|-----------------------------------|---------------------|-----------------------|-----------------------------------|
| | Separate financial statements | | | |
| | Balance per book Dec. 31, 2018 | Additions | Deductions | Balance per book Dec. 31, 2019 |
| <u>At cost</u> | | | | |
| Equipment | 8,175,329.63 | 287,555.30 | - | 8,462,884.93 |
| Furniture & fixture and office equipment | 23,382,553.05 | 875,682.11 | (1,217,000.94) | 23,041,234.22 |
| Vehicles | 260,003.74 | - | - | 260,003.74 |
| Total | <u>31,817,886.42</u> | <u>1,163,237.41</u> | <u>(1,217,000.94)</u> | <u>31,764,122.89</u> |
| <u>Less Accumulated depreciation</u> | | | | |
| Equipment | 6,053,157.50 | 652,217.08 | - | 6,705,374.58 |
| Furniture & fixture and office equipment | 21,120,024.26 | 785,645.64 | (1,216,996.94) | 20,688,672.96 |
| Vehicles | 259,996.77 | - | - | 259,996.77 |
| Total | <u>27,433,178.53</u> | <u>1,437,862.72</u> | <u>(1,216,996.94)</u> | <u>27,654,044.31</u> |
| Property, plant and equipment - net | <u>4,384,707.89</u> | | | <u>4,110,078.58</u> |

As at December 31, 2020 and 2019, equipment are fully depreciated but still in use are presented in the consolidated financial statements at cost of Baht 31.21 million and Baht 32.34 million, respectively and in the separate financial statements at the cost of Baht 22.89 million and Baht 24.25 million, respectively.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

13. RIGHT-OF-USE ASSETS

That account consisted of:

| | Baht | | | | | |
|---------------------------------------|-----------------------------------|----------------|------------------|-----------------------------|----------------|------------------|
| | Consolidated financial statements | | | | | |
| | Balance per book | The impacts of | Balance per book | Transaction during the year | | Balance per book |
| | Dec. 31, 2019 | IFRS16 | Jan. 1, 2020 | Addition | Deductions | Dec. 31, 2020 |
| <u>At cost</u> | | | | | | |
| Land and land improvements | 15,975,335.00 | 85,863,763.74 | 101,839,098.74 | - | - | 101,839,098.74 |
| Buildings on leasehold right | 87,109,866.98 | 8,326,509.51 | 95,436,376.49 | 35,000.00 | - | 95,471,376.49 |
| Land improvement on leasehold | 5,974,161.96 | - | 5,974,161.96 | - | (5,427,961.96) | 546,200.00 |
| Total | 109,059,363.94 | 94,190,273.25 | 203,249,637.19 | 35,000.00 | (5,427,961.96) | 197,856,675.23 |
| <u>Less: Accumulated amortization</u> | | | | | | |
| Land and land improvements | 13,568,201.67 | - | 13,568,201.67 | 13,688,539.92 | - | 27,256,741.59 |
| Buildings on leasehold right | 78,859,708.25 | - | 78,859,708.25 | 3,623,295.21 | - | 82,483,003.46 |
| Land improvement on leasehold | 5,973,507.87 | - | 5,973,507.87 | 643.09 | (5,427,951.96) | 546,199.00 |
| Total | 98,401,417.79 | - | 98,401,417.79 | 17,312,478.22 | (5,427,951.96) | 110,285,944.05 |
| Right of use assets - net | 10,657,946.15 | | 104,848,219.40 | | | 87,570,731.18 |
| | | | | | | |
| | Baht | | | | | |
| | Separate financial statements | | | | | |
| | Balance per book | The impacts of | Balance per book | Transaction during the year | | Balance per book |
| | Dec. 31, 2019 | IFRS16 | Jan. 1, 2020 | Addition | Deductions | Dec. 31, 2020 |
| <u>At cost</u> | | | | | | |
| Land and land improvements | 8,500,000.00 | 4,372,232.29 | 12,872,232.29 | - | - | 12,872,232.29 |
| Buildings on leasehold right | 24,138,457.69 | 8,326,509.51 | 32,464,967.20 | - | - | 32,464,967.20 |
| Land improvement on leasehold | 5,974,161.96 | - | 5,974,161.96 | - | - | 546,200.00 |
| Total | 38,612,619.65 | 12,698,741.80 | 51,311,361.45 | - | (5,427,961.96) | 45,883,399.49 |
| <u>Less: Accumulated amortization</u> | | | | | | |
| Land and land improvements | 6,954,533.36 | - | 6,954,533.36 | 927,258.34 | - | 7,881,791.70 |
| Buildings on leasehold right | 20,067,059.73 | - | 20,067,059.73 | 2,229,798.23 | - | 22,296,857.96 |
| Land improvement on leasehold | 5,973,507.87 | - | 5,973,507.87 | 643.09 | (5,427,951.96) | 546,199.00 |
| Total | 32,995,100.96 | - | 32,995,100.96 | 3,157,699.66 | (5,427,951.96) | 30,724,848.66 |
| Right of use assets - net | 5,617,518.69 | | 18,316,260.49 | | | 15,158,550.83 |

14. INTANGIBLE ASSETS

This account consisted of:

| | Baht | | | | |
|---------------------------------------|----------------------------------|--------------|------------|----------------|------------------|
| | Consolidate financial statements | | | | |
| | Balance per book | Additions | Deductions | Transfer in | Balance per book |
| | Dec. 31, 2019 | | | (Transfer out) | Dec. 31, 2020 |
| <u>At cost</u> | | | | | |
| Computer software | 8,124,720.23 | 134,610.00 | - | 160,910.00 | 8,420,240.23 |
| Computer software in progress | 6,804,375.00 | 3,983,147.00 | - | (160,910.00) | 10,626,612.00 |
| Copyright | 504,672.90 | - | - | - | 504,672.90 |
| Total | 15,433,768.13 | 4,117,757.00 | - | - | 19,551,525.13 |
| <u>Less: Accumulated amortization</u> | 6,735,024.75 | 332,883.46 | - | - | 7,067,908.21 |
| Intangible assets - net | 8,698,743.38 | | | | 12,483,616.92 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

| | Baht | | | | |
|--------------------------------------|-----------------------------------|---------------------|------------|-------------------------------|-----------------------------------|
| | Consolidate financial statements | | | | |
| | Balance per book Dec. 31, 2018 | Additions | Deductions | Transfer in (Transfer out) | Balance per book Dec. 31, 2019 |
| <u>At cost</u> | | | | | |
| Computer software | 7,438,420.23 | 686,300.00 | - | - | 8,124,720.23 |
| Computer software in progress | 5,015,000.00 | 1,789,375.00 | - | - | 6,804,375.00 |
| Copyright | 504,672.90 | - | - | - | 504,672.90 |
| Total | <u>12,958,093.13</u> | <u>2,475,675.00</u> | <u>-</u> | <u>-</u> | <u>15,433,768.13</u> |
| <u>Less Accumulated amortization</u> | <u>6,480,787.46</u> | <u>254,237.29</u> | <u>-</u> | <u>-</u> | <u>6,735,024.75</u> |
| Intangible assets - net | <u>6,477,305.67</u> | | | | <u>8,698,743.38</u> |

| | Baht | | | | |
|--------------------------------------|-----------------------------------|---------------------|------------|-------------------------------|-----------------------------------|
| | Separate financial statements | | | | |
| | Balance per book Dec. 31, 2019 | Additions | Deductions | Transfer in (Transfer out) | Balance per book Dec. 31, 2020 |
| <u>At cost</u> | | | | | |
| Computer software | 6,471,320.69 | 30,410.00 | - | - | 6,501,730.69 |
| Computer software in progress | 6,804,375.00 | 3,822,237.00 | - | - | 10,626,612.00 |
| Total | <u>13,275,695.69</u> | <u>3,852,647.00</u> | <u>-</u> | <u>-</u> | <u>17,128,342.69</u> |
| <u>Less Accumulated amortization</u> | <u>5,728,842.69</u> | <u>122,531.34</u> | <u>-</u> | <u>-</u> | <u>5,851,374.03</u> |
| Intangible assets - net | <u>7,546,853.00</u> | | | | <u>11,276,968.66</u> |

| | Baht | | | | |
|--------------------------------------|-----------------------------------|---------------------|------------|-------------------------------|-----------------------------------|
| | Separate financial statements | | | | |
| | Balance per book Dec. 31, 2018 | Additions | Deductions | Transfer in (Transfer out) | Balance per book Dec. 31, 2019 |
| <u>At cost</u> | | | | | |
| Computer software | 6,231,820.69 | 239,500.00 | - | - | 6,471,320.69 |
| Computer software in progress | 5,015,000.00 | 1,789,375.00 | - | - | 6,804,375.00 |
| Total | <u>11,246,820.69</u> | <u>2,028,875.00</u> | <u>-</u> | <u>-</u> | <u>13,275,695.69</u> |
| <u>Less Accumulated amortization</u> | <u>5,585,615.18</u> | <u>143,227.51</u> | <u>-</u> | <u>-</u> | <u>5,728,842.69</u> |
| Intangible assets - net | <u>5,661,205.51</u> | | | | <u>7,546,853.00</u> |

As at December 31, 2020 and 2019, intangible assets are fully amortization but still in use are presented in the consolidated financial statements at cost of Baht 6.02 million and Baht 5.73 million respectively and in the separate financial statements at the cost of Baht 5.26 million and Baht 4.97 million, respectively.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2020****15. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES**

Deferred tax assets and deferred tax liabilities as follows:-

| | Baht | | | |
|--------------------------|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Deferred tax assets | 151,699,139.36 | 110,654,623.92 | 172,301,908.81 | 136,159,924.47 |
| Deferred tax liabilities | - | - | (21,564,641.91) | (25,868,839.89) |
| | <u>151,699,139.36</u> | <u>110,654,623.92</u> | <u>150,737,266.90</u> | <u>110,291,084.58</u> |

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2020 and 2019, are summarized as follows:

| | Baht | | | |
|---|-----------------------------------|-------------------------------------|---------------------|--------------------------------|
| | Consolidated financial statements | | | Balance as at Dec. 31, 2020 |
| | Balance as at Dec. 31, 2019 | Revenue (expenses) during the year | | |
| | In profit or loss | In other comprehensive income | | |
| Deferred tax assets: | | | | |
| Loss from remeasuring of derivative instruments | - | - | 222,722.64 | 222,722.64 |
| Accrued expense - rental | 29,642.11 | (29,642.11) | - | - |
| Provision for employee benefit | 3,261,798.46 | 463,581.22 | 1,494,997.40 | 5,220,377.08 |
| Leases liabilities | - | 491,295.26 | - | 491,295.26 |
| Tax losses carry forward | 133,232,052.10 | 34,097,334.19 | - | 167,329,386.29 |
| Total | <u>136,523,492.67</u> | <u>35,022,568.56</u> | <u>1,717,720.04</u> | <u>173,263,781.27</u> |
| Deferred tax liabilities: | | | | |
| Investment in available-for-sale securities | 6,376.10 | - | 6,376.10 | - |
| Inventories | 2,384,390.93 | 246,009.87 | - | 2,138,381.06 |
| Assets for leases | 23,471,446.82 | 4,045,185.97 | - | 19,426,260.85 |
| Equipment | 6,654.90 | 6,654.90 | - | - |
| Total | <u>25,868,868.75</u> | <u>4,297,850.74</u> | <u>6,376.10</u> | <u>21,564,641.91</u> |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

| | Baht | | | |
|---|-----------------------------------|-------------------------------------|-------------------|-----------------------|
| | Consolidated financial statements | | | |
| | Balance as at Dec. 31, 2018 | Revenue (expenses) during the year | | |
| | In profit or loss | In other comprehensive income | | |
| Deferred tax assets: | | | | |
| Accrued expense - rental | 7,410.53 | 22,231.58 | - | 29,642.11 |
| Employee benefit obligations | 2,451,084.66 | 104,667.20 | 706,046.60 | 3,261,798.46 |
| Tax losses carry forward | 75,704,759.36 | 57,527,292.74 | - | 133,232,052.10 |
| Total | <u>78,163,254.55</u> | <u>57,654,191.52</u> | <u>706,046.60</u> | <u>136,523,492.67</u> |
| Deferred tax liabilities: | | | | |
| Investment in available-for-sale securities | 2,507.24 | - | (3,868.86) | 6,376.10 |
| Inventories | 852,122.94 | (1,532,267.99) | - | 2,384,390.93 |
| Asset for leases | 21,018,658.10 | (2,452,788.72) | - | 23,471,446.82 |
| Equipment | 18,965.49 | 12,310.59 | - | 6,654.90 |
| Total | <u>21,892,253.77</u> | <u>(3,972,746.12)</u> | <u>(3,868.86)</u> | <u>25,868,868.75</u> |

| | Baht | | | |
|---|--------------------------------|-------------------------------------|---------------------|-----------------------|
| | Separate financial statements | | | |
| | Balance as at Dec. 31, 2019 | Revenue (expenses) during the year | | |
| | In profit or loss | In other comprehensive income | | |
| Deferred tax assets: | | | | |
| Loss from remeasuring of derivative instruments | - | - | 222,722.64 | 222,722.64 |
| Accrued expense-rental | 29,642.11 | (29,642.11) | - | - |
| Provision for employee benefit | 2,898,230.26 | 411,900.56 | 1,376,875.64 | 4,687,006.46 |
| Leases liabilities | - | 62,793.42 | - | 62,793.42 |
| Tax loss carry forward | 133,232,052.10 | 34,097,334.19 | - | 167,329,386.29 |
| Total | <u>136,159,924.47</u> | <u>34,542,386.06</u> | <u>1,599,598.28</u> | <u>172,301,908.81</u> |
| Deferred tax liabilities: | | | | |
| Investment in available-for-sale securities | 6,347.24 | - | 6,347.24 | - |
| Inventories | 2,384,390.93 | 246,009.87 | - | 2,138,381.06 |
| Assets for leases | 23,471,446.82 | 4,045,185.97 | - | 19,426,260.85 |
| Equipment | 6,654.90 | 6,654.90 | - | - |
| Total | <u>25,868,839.89</u> | <u>4,297,850.74</u> | <u>6,347.24</u> | <u>21,564,641.91</u> |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

| | Baht | | | |
|---|-------------------------------|------------------------------------|-------------------------------|-----------------------|
| | Separate financial statements | | | |
| | Balance as at | Revenue (expenses) during the year | Balance as at | |
| | Dec. 31, 2018 | In profit or loss | In other comprehensive income | |
| Deferred tax assets: | | | | |
| Accrued expense-rental | 7,410.53 | 22,231.58 | - | 29,642.11 |
| Employee benefit obligations | 2,072,912.26 | 215,056.00 | 610,262.00 | 2,898,230.26 |
| Tax loss carry forward | 75,704,759.36 | 57,527,292.74 | - | 133,232,052.10 |
| Total | 77,785,082.15 | 57,764,580.32 | 610,262.00 | 136,159,924.47 |
| Deferred tax liabilities: | | | | |
| Investment in available-for-sale securities | 2,493.76 | - | (3,853.48) | 6,347.24 |
| Inventories | 852,122.94 | (1,532,267.99) | - | 2,384,390.93 |
| Asset for leases | 21,018,658.10 | (2,452,788.72) | - | 23,471,446.82 |
| Equipment | 18,965.49 | 12,310.59 | - | 6,654.90 |
| Total | 21,892,240.29 | (3,972,746.12) | (3,853.48) | 25,868,839.89 |

16. OTHER NON - CURRENT ASSETS

his account consisted of:

| | Baht | | | |
|--|-----------------------------------|------------------------|-------------------------------|------------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Deposit | 4,420,018.74 | 5,169,533.20 | 618,569.20 | 1,368,083.67 |
| Withholding tax deducted at source | 234,440,965.67 | 224,976,174.64 | 234,279,690.27 | 224,771,022.46 |
| <u>Less</u> Allowance for the refund | <u>(43,233,692.29)</u> | <u>(41,273,886.63)</u> | <u>(43,233,692.29)</u> | <u>(41,273,886.63)</u> |
| Withholding tax deducted at source - net | 191,207,273.38 | 183,702,288.01 | 191,045,997.98 | 183,497,135.83 |
| Total | 195,627,292.12 | 188,871,821.21 | 191,664,567.18 | 184,865,219.50 |

17. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

This account consisted of:

| | Baht | | | |
|------------------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Bank overdrafts | - | 1,880,056.54 | - | 1,880,056.54 |
| Promissory notes | 120,000,000.00 | 40,000,000.00 | 120,000,000.00 | 40,000,000.00 |
| Total | 120,000,000.00 | 41,880,056.54 | 120,000,000.00 | 41,880,056.54 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2020**

As at December 31, 2020 and 2019, the Company has the bank overdrafts with the two local commercial banks, with a credit line of Baht 25 million consist of the first credit line Baht 20 million and the second credit line Baht 5 million, carrying interest Fixed+1 and MOR per annum. The first loan is guaranteed by fixed deposit of Baht 10 million and the second loan is no guaranteed.

As at December 31, 2020 and 2019, the Company has short-term loans in promissory notes with five local commercial banks total of 6 credit lines, are as follows :-

| Credit line No. | Credit line (Million Baht) | Interest rate (per annum) | Guaranteed |
|-----------------|----------------------------|---------------------------|---|
| 1 | 80 | MMR | - The Company's fixed deposit amount of Baht 20 million |
| 2 | 50 | MMR | - Directors of the company |
| 3 | 30 | MMR | - No guaranteed |
| 4 | 50 | MMR | - No guaranteed |
| 5 | 40 | MMR | - No guaranteed |
| 6 | 30 | MMR | - No guaranteed |
| | <u>280</u> | | |

18. BILL OF EXCHANGE

This account consisted of:

| | Baht | |
|----------------------------------|--|-----------------------|
| | Consolidated/Separate financial statements | |
| | 2020 | 2019 |
| Bill of exchange-face value | - | 200,000,000.00 |
| <u>Less Discount</u> | - | <u>(330,269.82)</u> |
| Bill of exchange-amortized value | - | <u>199,669,730.18</u> |

As at December 31, 2019, the Company has 2 bills of exchange in the amount of Baht 200 million. The interest rate is at fixed rate, due at the date specified on the front of the bill of exchange and the discount from the bill of exchange is recognized as finance cost for the years ended December 31, 2020 and 2019 in the amount of Baht 1.07 million and Baht 3.06 million, respectively in the consolidated and separate financial statements.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

19. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

This account consisted of:

| | Baht | |
|--|--|-------------------------|
| | Consolidated/Separate financial statements | |
| | 2020 | 2019 |
| Long-term loan from financial institutions | 1,079,947,749.32 | 1,020,874,590.17 |
| <u>Less</u> Current portion due within one year | <u>(242,707,937.87)</u> | <u>(257,534,391.01)</u> |
| Long-term loan from financial institutions - net | <u>837,239,811.45</u> | <u>763,340,199.16</u> |

As at December 31, 2020, the Company has 3 credit lines of long-term loans with two local financial institutions. Each credit line has been withdrawn to several loans and the details are as follows:

| Credit line No. | Credit line using (Million Baht) | Withdraw loan (Million Baht) | Interest rate (per annum) | Monthly installment (Million Baht) | The first installment date of 1 st loan and the final installment date of final loan | Guaranteed The right of car's registers of the company |
|-----------------|----------------------------------|------------------------------|---------------------------|------------------------------------|---|--|
| 1 | 630 | 630.00 | Fixed Rate | 2.24 | Aug. 16 - Jul. 21 | 472 |
| 2 | 1,000 | 677.82 | Fixed Rate | 15.74 | Jan. 18 - Apr. 24 | 1,145 |
| 3 | 300 | 300.00 | THBFIX 6M +1.65% | 4.79 | Mar. 20 - Nov. 24 | 351 |
| | <u>1,930</u> | <u>1,607.82</u> | | <u>22.77</u> | | <u>1,968</u> |

As at December 31, 2019, the Company has 4 credit lines of long-term loans with two local financial institutions. Each credit line has been withdrawn to several loans and the details are as follows:

| Credit line No. | Credit line using (Million Baht) | Withdraw loan (Million Baht) | Interest rate (per annum) | Monthly installment (Million Baht) | The first installment date of 1 st loan and the final installment date of final loan | Guaranteed The right of car's registers of the company |
|-----------------|----------------------------------|------------------------------|---------------------------|------------------------------------|---|--|
| 1 | 630 | 546.83 | Fixed Rate | 5.96 | Aug. 16 - Jul. 21 | 1,091 |
| 2 | 150 | 150 | Fixed Rate | 3.00 | Sep. 16 - Dec. 19 | 23 |
| 3 | 200 | 200 | Fixed Rate | 4.00 | Jan. 17 - Feb. 20 | 269 |
| 4 | 1,000 | 797.95 | Fixed Rate | 12.94 | Sep. 17 - Feb. 23 | 956 |
| | <u>1,980</u> | <u>1,694.78</u> | | <u>25.90</u> | | <u>2,339</u> |

Under the long - term loan agreements, the Company shall have to comply with certain conditions and restrictions as specified in the agreement. The Company has to maintain a proper financial ratio at the agreed rate (3.5 : 1 time)

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2020**

As at December 31, 2020 and 2019, the movements of long-term loans from financial institutions are as follows:-

| | Baht | |
|--|---|-------------------------|
| | Consolidated/Separate financial statement | |
| | 2020 | 2019 |
| Balance beginning of the year | 1,020,874,590.17 | 1,087,021,431.56 |
| <u>Add</u> Loan increase during the year | 570,951,856.50 | 350,570,845.00 |
| <u>Less</u> Repayment during the year | (511,878,697.35) | (416,717,686.39) |
| Balance ending of the year | <u>1,079,947,749.32</u> | <u>1,020,874,590.17</u> |

The Company entered into interest rate swap agreements with financial institutions to partially swap interest of the above long-term loan. As at December 31, 2020, the Company entered into interest rate swap agreements with financial institutions, to swap interest of the debentures issued, totaling in notional amount of Baht 172.02 million to swap floating Baht interest rates plus margins as specified in agreements for fixed Baht interest rates. The purpose of the certain interest rate swap agreements is to hedge the cashflow of long-term (only the interest portion), which the Company and subsidiary elected to apply hedge accounting for these transactions (See Note 33.3)

20. LEASE LIABILITIES

Movements of the lease liabilities account for the years ended December 31, 2020 are summarized as follows.

| | Baht | |
|---|--------------------------------------|----------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Balance as at December 31, 2019 | 51,613,997.56 | 51,613,997.56 |
| Effects of the adoption of TFRS16 | 94,190,273.25 | 12,698,741.80 |
| Balance as at January 1, 2020 | 145,804,270.81 | 64,312,739.36 |
| Addition | 307,760,962.77 | 307,760,962.77 |
| Accretion of interest | (17,970,431.09) | (17,970,431.09) |
| Difference from rental reduction | (587,034.12) | - |
| Payments | (81,477,672.08) | (71,519,267.16) |
| Balance as at December 31, 2020 | 353,530,096.29 | 282,584,003.88 |
| <u>Less</u> Current portion due within one year | (81,046,941.09) | (71,852,239.74) |
| Lease liabilities - net | <u>272,483,155.20</u> | <u>210,731,764.14</u> |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

As at December 31, 2020, the Company and subsidiary have lease liabilities to be paid as follows:

| | Baht | | | | | |
|------------------------------------|-----------------------------------|----------------------|-----------------------|-------------------------------|----------------------|-----------------------|
| | Consolidated financial statements | | | Separate financial statements | | |
| | Principal | Deferred Interest | Total debts | Principal | Deferred Interest | Total debts |
| Payment due within 1 year | 81,046,941.09 | 10,840,763.88 | 91,887,704.97 | 71,852,239.74 | 7,696,465.22 | 79,548,704.96 |
| Payment due over 1 year to 5 years | 233,708,841.06 | 18,395,686.38 | 252,104,527.44 | 206,847,105.66 | 9,615,456.78 | 216,462,562.44 |
| Payment due over 5 years | 38,774,314.14 | 5,370,834.87 | 44,145,149.01 | 3,884,658.48 | 177,841.52 | 4,062,500.00 |
| Total | <u>353,530,096.29</u> | <u>34,607,285.13</u> | <u>388,137,381.42</u> | <u>282,584,003.88</u> | <u>17,489,763.52</u> | <u>300,073,767.40</u> |

The following are the amounts recognized in profit or loss:

| | Baht | |
|---------------------------------------|-----------------------------------|------------------------------|
| | Consolidated financial statements | Separate financial statement |
| Depreciation of right-of-use assets | 37,394,986.66 | 23,959,733.09 |
| Interest expense on lease liabilities | 7,639,135.13 | 4,253,915.03 |
| Expense relating to short-term lease | 2,827,411.88 | 2,080,394.05 |
| Total | <u>47,861,533.67</u> | <u>30,294,042.17</u> |

21. DEBENTURES

This account consisted of:

| | Baht | |
|--|-------------------------|------------------------------|
| | Consolidated/ | Separate financial statement |
| | 2020 | 2019 |
| Unsecured debentures - at face value | 1,400,000,000.00 | 1,850,000,000.00 |
| <u>Less</u> Deferred expenses on debentures issuance | <u>(1,421,825.45)</u> | <u>(2,114,088.71)</u> |
| | 1,398,578,174.55 | 1,847,885,911.29 |
| <u>Less</u> Current portion due within one year | <u>-</u> | <u>(549,836,002.80)</u> |
| Debentures - net | <u>1,398,578,174.55</u> | <u>1,298,049,908.49</u> |

As at December 31, 2020, the Company has the name-registered of unsubordinated, unsecured and non-holder's representative debentures. The debentures are available to institutional investors and major shareholders in the Notification of Securities and Exchange Commission. The details of issuance of debentures were as below:

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

Issued No. 3

| | | |
|--------------------------|---|--|
| Debenture issued on | : | March 28, 2018 |
| Debentures value | : | Baht 600 million (600,000 units of par value of Baht 1,000 each) |
| Period and maturity date | : | 4 years will mature on March 28, 2022 |
| Interest rate | : | Fixed rate of 2.46% per annum |
| Interest payment due | : | Every March 28 and September 28 of each year |

Issued No. 4

| | | |
|--------------------------|---|--|
| Debenture issued on | : | July 25, 2019 |
| Debentures value | : | Baht 700 million (700,000 units of par value of Baht 1,000 each) |
| Period and maturity date | : | 4 years will mature on July 25, 2023 |
| Interest rate | : | Fixed rate of 2.96% per annum |
| Interest payment due | : | Every July 25 and January 25 of each year |

Issued No. 5

| | | |
|--------------------------|---|--|
| Debenture issued on | : | September 11, 2020 |
| Debentures value | : | Baht 100 million (100,000 units of par value of Baht 1,000 each) |
| Period and maturity date | : | 3 years will mature on September 11, 2023 |
| Interest rate | : | Fixed rate of 3.10% per annum |
| Interest payment due | : | Every March 11 and September 11 of each year |

Debenture issuing costs are recorded as deferred financial fees and amortized to be interest expense using the effective interest rate method over the term of the debentures. Deferred debenture issuing costs are presented as a deduction against the debenture amounts in the statement of financial position.

22. PROVISION FOR EMPLOYEE BENEFIT

Provision for employee benefits are as follows

The statements of financial position

| | Baht | | | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Provision for employee benefit beginning of the year | 16,308,992.31 | 12,255,423.31 | 14,491,151.31 | 10,364,561.31 |
| Actuarial loss | 7,474,987.08 | 3,530,233.00 | 6,884,378.28 | 3,051,310.00 |
| Benefits paid by the plan | (218,390.00) | (4,887,399.00) | - | (3,637,500.00) |
| Past service costs and interest | | | | |
| - change a considered a post-employment plan amendment | - | 3,277,686.00 | - | 3,072,470.00 |
| Current service costs and interest | 2,536,296.09 | 2,133,049.00 | 2,059,502.80 | 1,640,310.00 |
| Provision for employee benefit ending of the year | <u>26,101,885.48</u> | <u>16,308,992.31</u> | <u>23,435,032.39</u> | <u>14,491,151.31</u> |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2020**The statements of comprehensive income

| | Baht | | | |
|------------------------------------|-----------------------------------|--------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Past service costs and interest | - | 3,277,686.00 | - | 3,072,470.00 |
| Current service costs and interest | 2,536,296.09 | 2,133,049.00 | 2,059,502.80 | 1,640,310.00 |
| Total | 2,536,296.09 | 5,410,735.00 | 2,059,502.80 | 4,712,780.00 |

Expense recognized in other comprehensive income:

| | Baht | | | |
|---------------------------------|-----------------------------------|--------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Actuarial loss - net income tax | 5,979,989.66 | 2,824,186.40 | 5,507,502.62 | 2,441,048.00 |

Principal actuarial assumptions in the estimates based on the actuarial principles

| | Percentage | | | |
|------------------------|-----------------------------------|--------------|------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statement | |
| | 2020 | 2019 | 2020 | 2019 |
| Discount rate | 1.61 - 1.69 | 3.30 - 3.38 | 1.61 | 3.38 |
| Salary increase rate | 6.00 | 6.94 | 6.00 | 6.94 |
| Employee turnover rate | 5.63 - 34.38 | 5.00 - 38.00 | 5.73 - 34.38 | 5.00 - 38.00 |

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2020 and 2019 are summarized below:

| | Baht | | | |
|----------------------|-----------------------------------|----------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Discount rate | | | | |
| 0.50% increase | (1,079,076.28) | (950,324.00) | (955,299.62) | (822,182.00) |
| 0.50% decrease | 1,146,514.01 | 1,024,913.00 | 1,014,304.56 | 886,764.00 |
| Salary increase rate | | | | |
| 1% increase | 2,222,867.16 | | 1,945,349.26 | |
| 1% decrease | (2,014,939.89) | | (1,767,472.56) | |
| 0.50% increase | | 1,054,329.00 | | 911,928.00 |
| 0.50% decrease | | (985,329.00) | | (852,134.00) |
| Turnover rate | | | | |
| 20% increase | (2,857,644.94) | | (2,485,570.84) | |
| 20% decrease | 3,367,532.40 | | 2,905,004.78 | |
| 0.50% increase | | (1,140,248.00) | | (984,994.00) |
| 0.50% decrease | | 1,233,182.00 | | 1,065,344.00 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

23. OTHER INCOME

This account consisted of:-

| | Baht | | | |
|-------------------------------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Interest income | 383,314.17 | 844,055.75 | 383,242.39 | 948,873.32 |
| Penalty of cancelled contract | 7,550,996.31 | 6,619,887.22 | 7,550,996.31 | 6,619,887.22 |
| Repair service income | 5,338,032.67 | 5,250,870.00 | 5,338,032.67 | 5,250,870.00 |
| Commission income | 10,590,936.57 | 9,842,427.41 | - | - |
| Sale promotion income | 16,920,360.00 | 7,405,666.02 | 16,920,360.00 | 7,190,186.19 |
| Others | 40,297,249.11 | 25,741,291.95 | 29,532,964.90 | 14,380,864.16 |
| Total | 81,080,888.83 | 55,704,198.35 | 59,725,596.27 | 34,390,680.89 |

24. EXPENSES BY NATURE

Expenses by nature are as follows:

| | Baht | | | |
|---|-----------------------------------|-----------------|-------------------------------|-----------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Change in inventories | (89,223,971.92) | (69,613,397.94) | (60,063,696.80) | (80,882,608.73) |
| Cost of sale of cars from assets-for-leases | 459,066,903.82 | 276,729,884.31 | 459,066,903.82 | 276,729,884.31 |
| Purchase of used cars | 96,913,331.86 | 148,627,180.19 | - | - |
| Employee benefit costs | 88,808,745.64 | 97,783,854.27 | 64,537,645.76 | 68,644,470.02 |
| Depreciation and amortization | 891,343,680.55 | 829,060,345.18 | 875,291,277.01 | 825,257,503.82 |
| Others | 228,422,635.36 | 201,057,355.78 | 228,422,635.36 | 201,057,355.78 |

25. (INCOME) TAX EXPENSES

25.1 Major components of (income) tax expenses for the years ended December 31, 2020 and 2019 consisted of:

| | Baht | | | |
|--|-----------------------------------|------------------------|-------------------------------|------------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Income (income) tax expenses shown in profit or loss : | | | | |
| Current tax expenses: | | | | |
| Income tax expenses for the year | 1,019,035.00 | 849,668.35 | - | - |
| Adjustments tax expenses of previous year | - | 1,029,230.88 | - | 1,029,230.88 |
| Deferred tax expenses: | | | | |
| Changes in temporary differences relating to the original recognition and reversal | (39,320,419.30) | (53,681,445.40) | (38,840,236.80) | (53,791,834.20) |
| Total | (38,301,384.30) | (51,802,546.17) | (38,840,236.80) | (52,762,603.32) |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

| | Baht | | | |
|--|-----------------------------------|---------------------|-------------------------------|---------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Income tax relating to components of other comprehensive income: | | | | |
| Deferred tax relating to: | | | | |
| Loss from remeasuring of derivative instruments | (222,722.64) | - | (222,722.64) | - |
| Gain (loss) from remeasuring available-for-sale investments | (6,376.10) | 3,868.86 | (6,347.24) | 3,853.48 |
| Actuarial loss | (1,494,997.40) | (706,046.60) | (1,376,875.64) | (610,262.00) |
| Total | <u>(1,724,096.14)</u> | <u>(702,177.74)</u> | <u>(1,605,945.52)</u> | <u>(606,408.52)</u> |

25.2 A numerical reconciliation between (income) tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, 2020 and 2019 which are summarized as follows:

| | Baht | | | |
|---|-----------------------------------|------------------------|-------------------------------|------------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Accounting profit for the year | 182,945,171.31 | 169,019,239.63 | 178,712,161.78 | 165,226,859.15 |
| The applicable tax rate (%) | 20 | 20 | 20 | 20 |
| Tax expense at the applicable tax rate | 36,589,034.26 | 33,803,847.93 | 35,742,432.36 | 33,045,371.83 |
| Reconciliation items: | | | | |
| Tax effect of expenses that are not deductible in determining tax profit: | | | | |
| - Expenses not allowed as expenses in determining taxable profit | 575,453.09 | 1,195,125.10 | 560,099.68 | 1,040,750.94 |
| Tax effect of income or profit that are not required in determining taxable profit: | | | | |
| - Expenses as expenses in determining tax | (75,419,898.25) | (88,301,170.37) | (75,096,795.44) | (88,159,218.38) |
| Other | (45,973.40) | 1,499,651.17 | (45,973.40) | 1,310,492.29 |
| Total reconciliation items | <u>(74,890,418.56)</u> | <u>(85,606,394.10)</u> | <u>(74,582,669.16)</u> | <u>(85,807,975.15)</u> |
| Total (income) tax expenses | <u>(38,301,384.30)</u> | <u>(51,802,546.17)</u> | <u>(38,840,236.80)</u> | <u>(52,762,603.32)</u> |

25.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2020 and 2019 are summarized as follows:

| | Consolidated financial statements | | | |
|---|-----------------------------------|-----------------|------------------------|-----------------|
| | 2020 | | 2019 | |
| | Tax amount (Baht) | Tax rate (%) | Tax amount (Baht) | Tax rate (%) |
| Accounting profit before tax expense for the year | 182,945,171.31 | | 169,019,239.63 | |
| Tax expense at the applicable tax rate | 36,589,034.26 | 20.00 | 33,803,847.93 | 20.00 |
| Reconciliation items | (74,890,418.56) | (41.44) | (85,606,394.10) | (50.65) |
| (Income) tax expenses at the average effective tax rate | <u>(38,301,384.30)</u> | <u>(21.44)</u> | <u>(51,802,546.17)</u> | <u>(30.65)</u> |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

| | Separate financial statements | | | |
|---|-------------------------------|-----------------|----------------------|-----------------|
| | 2020 | | 2019 | |
| | Tax amount (Baht) | Tax rate (%) | Tax amount (Baht) | Tax rate (%) |
| Accounting profit before tax expense for the year | 178,712,161.78 | | 165,226,859.15 | |
| Tax expense at the applicable tax rate | 35,742,432.36 | 20.00 | 33,045,371.83 | 20.00 |
| Reconciliation items | (74,582,669.16) | (42.27) | (85,807,975.15) | (51.93) |
| (Income) tax expenses at the average effective tax rate | (38,840,236.80) | (22.27) | (52,762,603.32) | (31.93) |

26. BASIC EARNINGS PER SHARE

Basic earnings per share is computed by dividing profit for the year attributable to shareholders of the Company (excluded other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

| | Consolidated financial statements | |
|--|-----------------------------------|----------------|
| | 2020 | 2019 |
| Profit for the year attributable to ordinary shareholders (Baht) | 221,246,555.61 | 220,821,785.80 |
| Weighted average number of ordinary shares (Shares) | 250,000,000 | 250,000,000 |
| Basic earnings per share (Baht per share) | 0.88 | 0.88 |

| | Separate financial statements | |
|--|-------------------------------|----------------|
| | 2020 | 2019 |
| Profit for the year attributable to ordinary shareholders (Baht) | 217,552,398.58 | 217,989,462.47 |
| Weighted average number of ordinary shares (Shares) | 250,000,000 | 250,000,000 |
| Basic earnings per share (Baht per share) | 0.87 | 0.87 |

27. LEGAL RESERVE

The Company

Under the provision of the Public Limited Companies, the Company is required to set aside as statutory reserve at least 5% of its annual net income until the reserve reaches 10% of authorized capital. The reserve is not available for dividend distribution.

A subsidiary company

Under the provision of the civil and commercial code, the Company is required to set aside as statutory reserve at least 5% of its net income at each dividend declaration until the reserve reaches 10% of authorized capital. The reserve is not available for dividend distribution.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2020****28. APPROPRIATED OF RETAINED EARNINGS**The year 2020

At the ordinary shareholders' meeting for the year 2020 held on April 24, 2020, the shareholders unanimously approved to pay dividend from the Company operation year 2019 to the shareholders with Baht 0.70 per share, in the amount of Baht 175 million. The dividend paid in the amount of Baht 90 million, appropriated for 250,000,000 shares of Baht 0.36 each was paid on September 10, 2019, and the remaining in the amount of Baht 85 million, appropriated for 250,000,000 shares of Baht 0.34 each was paid on May 22, 2020.

And at the Board of Director' meeting No. 3/2020 held on August 10, 2020, the Board of Directors unanimously approved to pay interim dividend from the Company operation for the period ended June 30, 2020 in the amount of Baht 55.00 million, (appropriated for 250,000,000 shares of Baht 0.22 each) was paid on September 9, 2020.

Total dividend for the year 2020 in the amount of Baht 140.00 million.

The year 2019

At the ordinary shareholders' meeting for the year 2019 held on April 25, 2019, the shareholders unanimously approved to pay dividend from the Company operation year 2018 to the shareholders with Baht 0.40 per share, in the amount of Baht 200.00 million. The dividend paid in the amount of Baht 100.00 million, appropriated for 250,000,000 shares of Baht 0.40 each was paid on September 7, 2018, and the remaining in the amount of Baht 100 million, appropriated for 250,000,000 shares of Baht 0.40 each was paid on May 24, 2018.

And at the committees' meeting No 3/2019 held on August 13, 2019, the Committees unanimously approved to pay interim dividend from the Company operation for the period ended June 30, 2019 in the amount of Baht 90.00 million, appropriated for 250,000,000 shares of Baht 0.36 each was paid on September 10, 2019.

Total dividend for the year 2019 in the amount of Baht 190.00 million.

29. PROVIDENT FUND

The Company and its subsidiary established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E. 2530 by joining into a pool of provident fund named TiscoRuamtun 2 Registered Provident Fund.

Under the provident fund plan, employees' and Company's contributions are equivalent to certain percentages of employees' basic salaries based on the length of employment. 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.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

The Company and its subsidiary have contributed to the fund for the years ended December 31, 2020 and 2019 in the amount of Baht 1.70 million and Baht 1.76 million, respectively (The separate amount of Baht 1.53 million and Baht 1.63 million, respectively).

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2020 and 2019 are as follows:

| | Baht | | | |
|---|-----------------------------------|-----------------------------------|----------------------------------|------------------------------------|
| | Consolidated financial statements | | | |
| | Balance as at January 1, 2020 | Cash flows Increase (decrease) | Non-cash transaction Increase | Balance as at December 31, 2020 |
| Bank overdrafts | 1,880,056.54 | (1,880,056.54) | - | - |
| Short-term loan from financial institutions | 40,000,000.00 | 80,000,000.00 | - | 120,000,000.00 |
| Bill of exchange | 199,669,730.18 | (200,741,005.25) | 1,071,275.07 | - |
| Long-term loan unsecured debenture | 1,020,874,590.17 | 59,073,159.15 | 1,113,613.20 | 1,081,061,362.52 |
| Lease liabilities | 145,804,270.81 | (81,477,672.08) | 289,203,497.56 | 353,530,096.29 |
| Debentures | 1,847,885,911.29 | (450,000,000.00) | 692,263.26 | 1,398,578,174.55 |
| Total | 3,256,114,558.99 | (595,025,574.72) | 292,080,649.09 | 2,953,169,633.36 |

| | Baht | | | |
|---|-----------------------------------|-----------------------------------|----------------------------------|------------------------------------|
| | Consolidated financial statements | | | |
| | Balance as at January 1, 2019 | Cash flows Increase (decrease) | Non-cash transaction Increase | Balance as at December 31, 2019 |
| Bank overdrafts | 1,682,078.13 | 197,978.41 | - | 1,880,056.54 |
| Short-term loan from financial institutions | 70,000,000.00 | (30,000,000.00) | - | 40,000,000.00 |
| Bill of exchange | 39,880,774.64 | 156,725,462.35 | 3,063,493.19 | 199,669,730.18 |
| Long-term loan unsecured debenture | 1,087,021,431.56 | (66,146,841.39) | - | 1,020,874,590.17 |
| Lease liabilities | 113,948,046.78 | (62,334,049.22) | - | 51,613,997.56 |
| Debentures | 1,148,375,029.70 | 700,000,000.00 | (489,118.41) | 1,847,885,911.29 |
| Total | 2,460,907,360.81 | 698,442,550.15 | 2,574,374.78 | 3,161,924,285.74 |

| | Baht | | | |
|---|----------------------------------|-----------------------------------|----------------------------------|------------------------------------|
| | Separate financial statements | | | |
| | Balance as at January 1, 2020 | Cash flows Increase (decrease) | Non-cash transaction Increase | Balance as at December 31, 2020 |
| Bank overdrafts | 1,880,056.54 | (1,880,056.54) | - | - |
| Short-term loan from financial institutions | 40,000,000.00 | 80,000,000.00 | - | 120,000,000.00 |
| Bill of exchange | 199,669,730.18 | (200,741,005.25) | 1,071,275.07 | - |
| Long-term loan unsecured debenture | 1,020,874,590.17 | 59,073,159.15 | 1,113,613.20 | 1,081,061,362.52 |
| Lease liabilities | 64,312,739.36 | (71,519,267.16) | 289,790,531.68 | 282,584,003.88 |
| Debentures | 1,847,885,911.29 | (450,000,000.00) | 692,263.26 | 1,398,578,174.55 |
| Total | 3,174,623,027.54 | (585,067,169.80) | 292,667,683.21 | 2,882,223,540.95 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

| | Baht | | | |
|---|----------------------------------|-----------------------------------|----------------------------------|------------------------------------|
| | Separate financial statements | | | |
| | Balance as at January 1, 2019 | Cash flows Increase (decrease) | Non-cash transaction Increase | Balance as at December 31, 2019 |
| Bank overdrafts | 279,169.37 | 1,600,887.17 | - | 1,880,056.54 |
| Short-term loan from financial institutions | 70,000,000.00 | (30,000,000.00) | - | 40,000,000.00 |
| Bill of exchange | 39,880,774.64 | 156,725,462.35 | 3,063,493.19 | 199,669,730.18 |
| Long-term loan unsecured debenture | 1,087,021,431.56 | (66,146,841.39) | - | 1,020,874,590.17 |
| Lease liabilities | 113,948,046.78 | (62,334,049.22) | - | 51,613,997.56 |
| Debentures | 1,148,375,029.70 | 700,000,000.00 | (489,118.41) | 1,847,885,911.29 |
| Total | 2,459,504,452.05 | 699,845,458.91 | 2,574,374.78 | 3,161,924,285.74 |

31. COMMITMENTS AND CONTINGENT LIABILITIES

31.1 Commitments of services contracts

As at December 31, 2020, the Company has 2 services contracts for the periods 1-2 years, the total rate of service charge of Baht 0.84 million per year.

31.2 Commitments of capital expenditure

As at December 31, 2020, the Company has the commitment about installation and software development system agreement, which the Company will pay under the agreement in the amount of Baht 1.88 million (included VAT).

31.3 Guarantee

As at December 31, 2020, the Company has letters of guarantee issued by three local commercial bank for rental bidding guarantee in the amount of Baht 111.45 million and using electricity in the amount of Baht 0.19 million. (total guarantee of Baht 265 million).

And the subsidiary company has 3 letters of guarantee issued by a local commercial bank for using electricity, guarantee by fixed deposit of directors in the amount of Baht 0.19 million.

31.4 Interest rate swap transaction agreement

As at December 31, 2020, the Company has the detail of the interest rate swap agreement outstanding as follow:

| Principal amount | Interest income rate swap | Interest expenses rate swap | Termination date |
|--------------------|---------------------------|-----------------------------|------------------|
| | agreement (percent) | agreement (percent) | |
| 92.02 Million Baht | THBFIX 6M + 1.65 | FIXED 2.45 | March 2024 |
| 80.00 Million Baht | THBFIX 6M + 1.65 | FIXED 2.45 | September 2024 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

32. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and its subsidiary, business operations involve 2 principal segments: (1) Car rental and (2) Used car distribution and its operations are mainly carried in the same geographic area in Thailand. The financial information by segments are classified by business activities as follows.

Business activities are classified by product segments of the Company and its subsidiary for the years ended December 31, 2020 and 2019 as follows:-

| | Consolidated financial statements (Thousand Baht) | | | | | |
|--|---|-----------|-----------------------|---------|-----------|-----------|
| | Car rent of operating | | Used car distribution | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | | | |
| Income on car leases | 1,297,121 | 1,271,549 | - | - | 1,297,121 | 1,271,549 |
| Income on sale of cars | 674,607 | 446,807 | 140,593 | 193,852 | 815,200 | 640,659 |
| Total | 1,971,728 | 1,718,356 | 140,593 | 193,852 | 2,112,321 | 1,912,208 |
| Cost | | | | | | |
| Cost of car leases | 1,145,476 | 1,068,434 | - | - | 1,145,476 | 1,068,434 |
| Cost of sales of cars | 459,067 | 276,730 | 131,684 | 173,891 | 590,751 | 450,621 |
| Total | 1,604,543 | 1,345,164 | 131,684 | 173,891 | 1,736,227 | 1,519,055 |
| Gross profit | 367,185 | 373,192 | 8,909 | 19,961 | 376,094 | 393,153 |
| Total assets as of December 31, | | | | | | |
| Assets for leases - net | 4,263,391 | 4,291,693 | - | - | 4,263,391 | 4,291,693 |
| Fixed assets - net | 3,915 | 4,110 | 169,774 | 171,987 | 173,689 | 176,097 |
| Right-of-use asset - net | 15,159 | - | 72,412 | - | 87,571 | - |
| Intangible assets - net | 11,277 | 7,547 | 1,207 | 1,152 | 12,484 | 8,699 |
| Other assets | 869,262 | 1,006,997 | 9,620 | 47,214 | 878,882 | 1,054,211 |
| Total | 5,163,004 | 5,310,347 | 253,013 | 220,353 | 5,416,017 | 5,530,700 |

Major customers

In 2020 and 2019, the Company and its subsidiary have no major customer (with revenue of 10 percent or more of an entity's revenue).

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

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33. DISCLOSURE OF FINANCIAL INSTRUMENTS

33.1 Risk management

The Company and its subsidiary manage their financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system. The management continually monitors the Company's and its subsidiary's risk management process to ensure that an appropriate balance between risk and control is achieved.

33.2 Credit risk

The Company and its subsidiary are exposed to credit risk primarily relating to trade and other receivable, cash at bank and other financial instruments. The management of the Company and its subsidiary manage 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 Company and its subsidiary are exposed to interest rate risk that relates primarily to cash and cash equivalents, cash at banks using for guarantee, bank overdrafts and short-term loans from financial institutions, Long-term loans from financial institutions, leases liabilities and Employee benefit obligations. Since most of the Company's financial assets and financial liabilities carry floating interest rates or have fixed interest rates, which are close to the market rates, the interest rate risk is low.

As at December 31, 2020 and 2019, the significant financial assets and financial liabilities (part of these are under derivative instruments as described in Note 19) classified by types of interest rates were as follows:

| | Baht | | | | Effective Interest rate (% per annum) |
|---|---|------------------------|----------------|------------------|---|
| | Consolidated financial statements as at December 31, 2020 | | | | |
| | Floating interest rate | Fixed interest rate | No interest | Total | |
| Financial assets | | | | | |
| Cash and cash equivalents | 37,809,452.04 | - | 1,381,440.37 | 39,190,892.41 | 0.10-0.375 |
| Trade and other current receivables | - | - | 201,177,841.79 | 201,177,841.79 | - |
| Investment | - | - | 13,391.50 | 13,391.50 | - |
| Cash at banks using for guarantee | - | 50,021,040.52 | - | 50,021,040.52 | 0.25-0.95 |
| Financial liabilities | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | - | 120,000,000.00 | - | 120,000,000.00 | MMR |
| Trade and other current payables | - | - | 75,099,125.46 | 75,099,125.46 | - |
| Long-term loans from financial institutions | - | 1,079,947,749.32 | - | 1,079,947,749.32 | MLR, Fixed |
| Lease liabilities | 353,530,096.29 | - | - | 353,530,096.29 | 2.66-4.79 |
| Debenture | - | 1,398,578,174.55 | - | 1,398,578,174.55 | 2.46-3.10 |

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

| | Baht | | | | Effective Interest rate (% per annum) |
|---|---|------------------------|----------------|------------------|---|
| | Consolidated financial statements as at December 31, 2019 | | | | |
| | Floating interest rate | Fixed interest rate | No interest | Total | |
| Financial assets | | | | | |
| Cash and cash equivalents | 80,437,170.58 | - | 5,933,546.54 | 86,370,717.12 | 0.10-0.375 |
| Trade and other current receivables | - | - | 167,788,006.73 | 167,788,006.73 | - |
| Investment | - | - | 59,087,104.00 | 59,087,104.00 | - |
| Cash at banks using for guarantee | - | 50,020,936.88 | - | 50,020,936.88 | 0.90-0.95 |
| Financial liabilities | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | 1,880,056.54 | 40,000,000.00 | - | 41,880,056.54 | MMR |
| Bill of exchange | - | 199,669,730.18 | - | 199,669,730.18 | 1.85-2.20 |
| Trade and other current payables | - | - | 73,789,227.07 | 73,789,227.07 | - |
| Long-term loans from financial institutions | - | 1,020,874,590.17 | - | 1,020,874,590.17 | MLR, Fixed |
| Lease liabilities | 51,613,997.56 | - | - | 51,613,997.56 | 3.35-4.30 |
| Debenture | - | 1,847,885,911.29 | - | 1,847,885,911.29 | 2.46-3.22 |

| | Baht | | | | Effective Interest rate (% per annum) |
|---|---|------------------------|----------------|------------------|---|
| | Separate financial statements as at December 31, 2020 | | | | |
| | Floating interest rate | Fixed interest rate | No interest | Total | |
| Financial assets | | | | | |
| Cash and cash equivalents | 37,645,234.45 | - | 1,212,313.45 | 38,857,547.90 | 0.10-0.375 |
| Trade and other current receivables | - | - | 192,000,608.26 | 192,000,608.26 | - |
| Investment | - | - | 13,391.50 | 13,391.50 | - |
| Cash at banks using for guarantee | - | 50,021,040.52 | - | 50,021,040.52 | 0.25-0.95 |
| Financial liabilities | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | - | 120,000,000.00 | - | 120,000,000.00 | MMR |
| Trade and other current payables | - | - | 133,070,659.40 | 133,070,659.40 | - |
| Long-term loans from financial institutions | - | 1,079,947,749.32 | - | 1,079,947,749.32 | MLR, Fixed |
| Lease liabilities | 282,584,003.88 | - | - | 282,584,003.88 | 2.66-4.25 |
| Debenture | - | 1,398,578,174.55 | - | 1,398,578,174.55 | 2.46-3.10 |

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| | Baht | | | | Effective Interest rate (% per annum) |
|---|---|------------------------|----------------|------------------|---|
| | Separate financial statements as at December 31, 2019 | | | | |
| | Floating interest rate | Fixed interest rate | No interest | Total | |
| Financial assets | | | | | |
| Cash and cash equivalents | 80,179,106.59 | - | 5,756,600.51 | 85,935,707.10 | 0.10-0.375 |
| Trade and other current receivables | - | - | 155,405,746.45 | 155,405,746.45 | - |
| Investment | - | - | 59,081,116.89 | 59,081,116.89 | - |
| Cash at banks using for guarantee | - | 50,020,936.88 | - | 50,020,936.88 | 0.90-0.95 |
| Financial liabilities | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | 1,880,056.54 | 40,000,000.00 | - | 41,880,056.54 | MMR |
| Bill of exchange | - | 199,669,730.18 | - | 199,669,730.18 | 1.85-2.20 |
| Trade and other current payables | - | - | 90,425,496.41 | 90,425,496.41 | - |
| Long-term loans from financial institutions | - | 1,020,874,590.17 | - | 1,020,874,590.17 | MLR, Fixed |
| Lease liabilities | 51,613,997.56 | - | - | 51,613,997.56 | 3.35-4.30 |
| Debenture | - | 1,847,885,911.29 | - | 1,847,885,911.29 | 2.46-3.22 |

Interest rate swap contracts

As at December 31, 2020, the Company had the interest rate swap agreements designated as hedging instruments with a notional amount of Baht 172.02 million whereby the Company receives a variable rate equal to THBFIX plus margin of interest as per disclosed in Note 19 to the consolidated financial statements and pays interest at a fixed rate.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate debentures (i.e., notional amount, maturity, payment and reset dates). The Company tested the hedge effectiveness by comparing the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Company own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

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As at December 31, 2020, the nominal and carrying amounts of the derivative financial instrument designated in existing hedging relationships in the consolidated and separate financial statements are follow

| Type of hedge | Hedging instruments | | Carrying amount of | | Interest swap rate received (percent) | Interest swap rate paid (percent) |
|-----------------|--|---------------------------|--------------------|---------------------------------|---------------------------------------|-----------------------------------|
| | Derivative | Contractual amount (Baht) | Liabilities (Baht) | Maturity date | | |
| Cash flow hedge | Interest rate swap transaction agreement | 172,021,276.60 | 161,808,510.66 | September 2020 - September 2024 | THBFIX 6M+1.65 | FIXED 2.45 |

The following amount related to hedged items separately by risk category for the types of hedge for the years ended December 31, 2020, in the consolidated and separate financial statements are as follow:

| Type of hedge | Change in the fair value of the hedge items for determining ineffectiveness (Baht) | Presentation of the hedged items in the statement of financial position |
|-----------------|--|---|
| Cash flow hedge | (1,113,613.20) | Financial liabilities |

33.4 Fair values of financial instruments

Since the majority of the Company and its subsidiary financial instruments are short-term in nature or carrying 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 statements of financial position.

| | Baht | | |
|--|-----------------------------------|-----------------------|-----------------------|
| | Consolidated financial statements | | |
| | FVPL | Amortized cost | Total |
| Financial assets as at December 31, 2020 | | | |
| Cash and cash equivalents | - | 39,190,892.41 | 39,190,892.41 |
| Trade and other current receivables | - | 201,177,841.79 | 201,177,841.79 |
| Prepaid insurance premium | - | 58,781,410.12 | 58,781,410.12 |
| Other current financial assets | 13,391.50 | - | 13,391.50 |
| Revenue account receivable | - | 13,909,328.24 | 13,909,328.24 |
| Fixed deposit using for guarantee | - | 50,021,040.52 | 50,021,040.52 |
| | <u>13,391.50</u> | <u>363,080,513.08</u> | <u>363,093,904.58</u> |

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| | Baht | | |
|--|-----------------------------------|-------------------------|-------------------------|
| | Consolidated financial statements | | |
| | Fair value - Derivatives | Amortized cost | Total |
| Financial liabilities as at December 31, 2020 | | | |
| Bank overdrafts and short-term loans from financial institutions | - | 120,000,000.00 | 120,000,000.00 |
| Trade and other current payables | - | 75,099,125.46 | 75,099,125.46 |
| Accounts payable-purchase assets for leases | - | 119,142,579.76 | 119,142,579.76 |
| Long-term loans from financial institutions | - | 1,081,061,362.52 | 1,081,061,362.52 |
| Lease liabilities | - | 353,530,096.29 | 353,530,096.29 |
| Debentures | - | 1,398,578,174.55 | 1,398,578,174.55 |
| Derivative liabilities | 1,113,613.20 | - | 1,113,613.20 |
| Deposits for car lease from clients | - | 106,174,709.62 | 106,174,709.62 |
| | <u>1,113,613.20</u> | <u>3,253,586,048.20</u> | <u>3,254,699,661.40</u> |

| | Baht | | |
|--|-------------------------------|-----------------------|-----------------------|
| | Separate financial statements | | |
| | FVPL | Amortized cost | Total |
| Financial assets as at December 31, 2020 | | | |
| Cash and cash equivalents | - | 38,857,547.90 | 38,857,547.90 |
| Trade and other current receivables | - | 192,000,608.26 | 192,000,608.26 |
| Prepaid insurance premium | - | 58,781,410.12 | 58,781,410.12 |
| Other current financial assets | 13,391.50 | - | 13,391.50 |
| Revenue account receivable | - | 13,909,328.24 | 13,909,328.24 |
| Fixed deposit using for guarantee | - | 50,021,040.52 | 50,021,040.52 |
| | <u>13,391.50</u> | <u>353,569,935.04</u> | <u>353,583,326.54</u> |

| | Baht | | |
|--|-------------------------------|-------------------------|-------------------------|
| | Separate financial statements | | |
| | Fair value - Derivatives | Amortized cost | Total |
| Financial liabilities as at December 31, 2020 | | | |
| Bank overdrafts and short-term loans from financial institutions | - | 120,000,000.00 | 120,000,000.00 |
| Trade and other current payables | - | 133,070,659.40 | 133,070,659.40 |
| Accounts payable-purchase assets for leases | - | 119,142,579.76 | 119,142,579.76 |
| Long-term loans from financial institutions | - | 1,081,061,362.52 | 1,081,061,362.52 |
| Lease liabilities | - | 282,584,003.88 | 282,584,003.88 |
| Debentures | - | 1,398,578,174.55 | 1,398,578,174.55 |
| Derivative liabilities | 1,113,613.20 | - | 1,113,613.20 |
| Deposits for car lease from clients | - | 106,174,709.62 | 106,174,709.62 |
| | <u>1,113,613.20</u> | <u>3,240,611,489.73</u> | <u>3,241,725,102.93</u> |

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Financial assets mandatorily measured at FVPL include the following:

| | Baht |
|---------------------------------------|--|
| | Consolidated/ Separate financial statements |
| <u>Other current financial assets</u> | |
| Mutual funds | 13,391.50 |
| Total Other current financial assets | 13,391.50 |

33.5 Fair value hierarchy

As at December 31, 2020, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows :-

| | Baht | | | |
|--|--|--------------|---------|--------------|
| | Consolidated/Separate financial statements | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value | | | | |
| Other non-current financial assets | | | | |
| - Mutual funds | - | 13,391.50 | - | 13,391.50 |
| Financial liabilities measured at fair value | | | | |
| Other non-current financial liabilities | | | | |
| - Derivative liabilities | - | 1,113,613.20 | - | 1,113,613.20 |

During the current year, there were no transfers within the fair value hierarchy.

Valuation techniques and inputs for Level 2 valuations

The fair value of investments in investment units which are not listed on the Stock Exchange of Thailand, is determined by using the net assets value per unit as announced by the fund managers.

The fair value of interest rate swap contracts were calculated using the rates quoted by the Company and its subsidiary's and bankers which were based on market conditions existing at the statement of financial position date.

34. CAPITAL MANAGEMENT

The primary objective of capital management of the Company and its subsidiary are to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at December 31, 2020, the Company and its subsidiary debt-to-equity ratio was 1.55:1 (December 31, 2020 : 1.69:1) and the Company's was 1.64:1 (December 31, 2019 : 1.92:1).

35. 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 and its subsidiary, 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.

36. EVENT AFTER THE REPORTING PERIOD

At the Board of Directors' meeting of the Company held on February 25, 2021, the directors approved to pay dividends for Baht 0.44 per share in the amount of Baht 110.00 million, from 2020 operations. The interim dividends were paid on September 2020 for Baht 0.22 per share, amount of Baht 55.00 million. And the remaining is Baht 0.22 per share, in the amount of Baht 55.00 million, will be pay within May 2021 subject to approval by the Annual General Meeting of Shareholders of the Company.

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 25, 2020.