

2. Risk Management

2.1 Risk Management Policy and Plan

In year 2021, the Group's core business were (1) English language school business under the trade name of "Wall Street English" and (2) restaurant business under the trade name of "Jeffer Steak & Seafood". The Group is aware of the existing risks that may affect its business operations and performance. Risks may arise from internal or external factors. The Group has a risk management plan in comparison with the Group's strategies, goals and objectives. In this regard, the Risk Management Committee is in charge of the risk management policy formulation and the ongoing supervision and monitoring of the risk management framework and its implementation to ensure that such risks are adequately and properly managed and are within the Group's risk appetite. Moreover, the Group regularly reviews the risk management policy on a yearly basis and improves risk management to be in alignment with such policy. Risk that are relevant to the Group's operation are as follows:

2.2 Risk Factors on Business Operation

1) Financial stability and ability to borrow and comply with conditions of loan agreement

Apart from expansion of existing business, Wave Group may want additional funding to invest in new projects or acquire other businesses. Therefore, it has to maintain liquidity and reserve sufficient fund as working capital. Long-term financing must be obtained and source of financing should be diversified for highest benefits to the Company although Wave Group has outstanding long-term and short-term loans however, the well operating result and financial management, Wave Group can continue to comply with the conditions of loan agreements.

2) Risk from the spread of Coronavirus 2019 (COVID-19)

From the situation of the spread of coronavirus 2019, starting from 2020 until 2021. The government has announced enforcement measures and relief measures periodically. Which impacts the business of Wave Group to help reduce the effects of this situation. Wave Group has issued various measures such as

As for the office, some employees have been switched to work at home, to reduce the congestion in the office. Employees entering office spaces must wear a mask at all times.

Restaurant business, also focus on selling food delivery more on branch. When customers enter the store, they need to measure the temperature. When customers have finished their meal, tables and chairs are cleaned immediately with alcohol spray.

English language school business has developed a comprehensive online learning technology system to support and meet students' needs during covid-19 pandemics that took place in 2020 effectively. In addition, to fulfill extra needs for certain groups of students.

3) Business Risks

3.1) Restaurant business

From the uncontrollable spread of the coronavirus (COVID-19) and the government's measures that affect the group's sales, for example "half pay project" that cannot be used with the Group. This will result in customers changing their behavior to use the services of the authorized stores.

Another food business risk is in this economic crisis, having non-discounted rental costs. Or rental reduced cannot comparable with lost of sales. Causing the company has high expenses and resulted in a loss to occur. Therefore, one solution is to closing of branches with high rental costs compared to a large drop in store sales, as well as reducing expenses for branches that are still in operation to maintain as much liquidity as possible.

The Group still has to continually improve the store's appearance. Coupled with the develop of food quality and service standards. Be accepted and has consistently won the hearts of general customers especially the quality of food. The Group still emphasizes and gives top priority suitable in terms of quality and quantity, worth the price.

3.2) English language school business

English language school business is highly competitive due to the low barrier to entry. However, the Company provides unique English courses which are acceptable worldwide. The Company aims to become a leading private school which offers English language courses and training by having the right personnel with suitable qualifications, having good and appropriate locations, building a strong sales team, organizing up-to-date campaigns which are suitable for target customers and adaptive to current circumstances. Moreover, the Company uses innovative marketing to publicize the brand and to promote the sale through marketing strategy and to continue to focus on the existing customers by providing campaign that has attractive to the target and for encourage the sale volume.

The global outbreak of Covid-19 has made serious impacts on every sectors particularly in business. WSE, which is the English language school, has been directly affected from the government's protocols. Therefore, WSE wasn't able to operate onsite for the total of 8 months which directly affected the business' growth. Nevertheless, the Company has changed business strategies in order to achieve goals and meet customers' needs by adjusting the learning format that emphasizes the importance of online learning which fits to the new normal. In addition, there are brand promotions via various platforms, sales promotions via various marketing strategies. At the same time, the Company continuously focuses on both the alumnus and the target groups by offering promotional campaigns to drive their buying decision.

4) Risk from payment collection process

Customers can pay at the branch in many ways, including cash, credit cards or gift vouchers. If the Group has higher daily sales, make more cash in care of cashier. The Group is more risk of cash loss. The Group is aware of this risk, therefore the Group has been many measures to control cash incurred from sales in each branch in order to reduce of this risk. (1) Set a minimum limit for the cashier to take care. The rest shall be checked by the branch manager and stored in the safe. (2) Branch managers count the cash and reconcile sale at the end of the day and send to the head office. (3) Branch manager or assistant manager bring the cash from daily sales to deposit into the bank account. (4) There will be random check for the cash counting and handling procedures by internal audit office to ensure that every branch follows the steps that the Group set forth strictly. The Group also encourages more customers to pay for sales by non-cash forms. This will help reduce the amount of cash in each branch.

5) Risks relating to procurement of the right locations for conducting businesses

Selecting the right location, whether in department stores or other lease areas, is a critical factor to success of Wave Group's business. In this respect, the Company faces risks such as lease term of any center not being extended or changes to conditions of lease agreement. However, Wave Group conducts various business and is well known among teenagers, people who just starts working, and other consumers, which attracts consumers to use other services in department stores or lease areas. In addition, Wave Group is expanding its restaurant business by opening new stores in leading department stores every year. Therefore, it has a bargaining power with department stores and/or owners of lease areas in reserving suitable locations over other competitors and is able to enter into long-term lease agreements at reasonable expenses.

6) Risks from shortage of personnel

Human resources are important factor for sustainable growth of Wave Group. Wave Group has continuously given importance to risk in this area by promoting its staffs to have passion and bond with the organization. Wave Group also ensure that its staffs develop understanding and knowledge in business through continuous training and skill development. There is regular assessment of staffs. In addition, Wave Group also ensures appropriate employee compensation and provides other benefits such as medical expenses, group insurance, and provident funds.

7) Risk from economic and political instability, natural disasters, and force majeure on the business

Wave Group's revenues and profits rely on consumers' spending, and therefore may be negatively affected by external factors beyond the control of Wave Group such as economic slowdown, political instability or natural disaster (e.g. flood and earthquake). Such risks are faced by all companies and the Company has risk management measures to lower the negative impact on the business and manage force majeure events. Such measures include taking out insurances over assets to cover for events such as flood and fire etc

8) Risk of business interruption due to malfunction of information technology system

Wave Group, including its back office and business units, uses information technology system in conducting its business. Wave Group understands importance of maintaining business continuity in the event that any unexpected circumstance or disaster arises or get ransom by malware and causes failure of the computer system.

To lower such risk which may affect business continuity, Wave Group has back-up its information including accounting system and customer information by storing information and keeping them up-to-date within designated area.