

Risk Management

GBS Agricultural Services Public Company Limited is primarily engaged in the purchase, distribution, and sale of Kubota-branded agricultural machinery, as well as the domestic and international trading of agricultural crops. As such, the company is exposed to potential risks associated with the country's economic conditions and environmental factors.

There may be **Regulatory Risks** arising from government policy changes and imposed restrictions. **Financial Risks** may also occur due to market instability and fluctuations in foreign exchange rates. Furthermore, international trade restrictions may affect the demand and supply of goods, resulting in direct impacts on the company's revenue and market value. Therefore, **foreign exchange and trade-related risks** may also exist.

Seasonal weather conditions and natural disasters (such as floods, earthquakes, and abnormal weather patterns) could lead to reduced crop yields, while improper farming practices may contribute to lower agricultural production. In relation to this, additional costs and delays may arise in the logistics and supply chain processes, including the transportation and storage of crops and crop products.

As the company primarily purchases agricultural crops for domestic and international sales, it is also exposed to **Operational Risks** related to quality standards, storage duration, and shipment delays, which could result in product damage or loss.

GBS ASP also facilitates farmers in obtaining agricultural financing and making repayments, and engages in contract farming. As a result, the company is exposed to **credit risks** and **settlement risks**. During crop cultivation periods, rising operational costs may create **liquidity risks** if working capital becomes insufficient.

Within the agricultural services operations, risks may also arise from the sale and maintenance of machinery, including potential quality issues, the need for repairs or replacements before warranty expiry, and delays in service delivery depending on regional conditions. These may lead to customer complaints and compensation claims. Additionally, **regional risks and control risks** may exist in areas where GBS ASP operates Kubota Showrooms.

To mitigate these risks, the company will implement a comprehensive **Risk Management Policy**, enabling continuous monitoring, assessment, and the selection of appropriate mitigation measures to minimize potential impacts. The company will adopt various **risk mitigation strategies**, including maintaining good relationships with relevant government authorities and NGOs, expanding domestic and international market access for agricultural crops, and making procurement decisions based on pricing mechanisms to reduce market-related risks. Furthermore, the company will enter into purchase agreements with farmers, utilize climate-resilient and modern agricultural technologies to minimize the impacts of natural disasters, and establish appropriate insurance arrangements as part of its **risk transfer** practices.
