FNS Holdings Public Company Limited and its subsidiaries

(formerly Finansa Public Company Limited)

Financial statements for the year ended

31 December 2022

and

Independent Auditor’s Report

Independent Auditor’s Report

To the Shareholders of FNS Holdings Public Company Limited (formerly Finansa Public Company Limited)

*Opinion*

I have audited the consolidated and separate financial statements of FNS Holdings Public Company Limited and its subsidiaries (formerly Finansa Public Company Limited) (the “Group”) and of FNS Holdings Public Company Limited (formerly Finansa Public Company Limited) (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2022 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

*Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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 my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

|  |  |
| --- | --- |
| **Valuation of investments in associates and impairment assessment of goodwill** | |
| Refer to Notes 3(c), 3(h), 3(j), 9 and 11 to the financial statements. | |
| **The key audit matter** | **How the matter was addressed in the audit** |
| As at 31 December 2022, the Group has significant investments in associates in the consolidated and separate financial statements amounted to Baht 1,892 million and Baht 1,970 million, respectively. An associate company which operates in Café, bakery and restaurant business has deficit from operation as cost of sales and selling and administrative expenses were higher according to branch expansion plan. The Company was also impacted by the economic recession from COVID-19 pandemic, causing lower revenue than its operating plan. Another associate company which operates in land and building development was directly impacted by COVID-19 pandemic, resulting in two-year consecutive net loss. There is an indication of impairment since the operating performance might significantly differ from the initial forecast and budget and result in the assets’ carrying amounts being higher than the recoverable amounts. | My audit procedures included:   * Inquiring of management and understanding the process of the identification an indicator of impairment, determine cash-generating unit and impairment testing process including basis of preparing the discounted cash flow projections, discount rate and other key assumptions. * Evaluating the appropriateness of cash flow projections by comparing the past cash flow projections to actual operating results, appropriateness of key assumptions applied in preparing cash flow projections by comparing with the external and internal sources of information and reasonableness of discount rate by comparing with sector averages for the relevant industry in which the Company operates. * Evaluating the preparation of a sensitivity analysis of the key assumptions for future cash flow projections to consider the impact on the expected recoverable amount. |

|  |  |
| --- | --- |
| **The key audit matter** | **How the matter was addressed in the audit** |
| In addition, as at 31 December 2022, the Group has goodwill arising from acquisition of a subsidiary which operates in investment advisory business in the consolidated financial statements amounted to Baht 45 million. The management tests goodwill impairment annually at the cash-generating unit level (CGU) and calculates its recoverable amount by applying the discounted cash flow model.  The Group assesses the recoverable amount of investment in associates and CGU related to goodwill using discounted cash flow model. Management has to exercise judgment in determining the significant assumptions used in estimating the recoverable amount including estimating the appropriate projections of future operating performance and discount rate used to discount cash flow projections. Loss on impairment will be recognised when the recoverable amount less than book value of assets.  Valuation of recoverable amount of investment in associates and impairment assessment of goodwill are considered a key audit matter due to the materiality of the transactions and significant level of management judgment in estimating the recoverable amount. The determination and changes of assumptions may affect to the changes of recoverable amount. | * Testing the calculation of recoverable amount prepared by the management. * Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standard. |

|  |  |
| --- | --- |
| **Valuation of investment in non-listed equity instruments** | |
| Refer to Notes 3(e), 3(m), 7 and 22 to the financial statements. | |
| **The key audit matter** | **How the matter was addressed in the audit** |
| As at 31 December 2022, investment in non-listed equity instruments measured at fair value in the consolidated financial statements amounted to Baht 257 million. The fair value measurement of investment in equity instruments are using several unobservable inputs since these inputs are not based on objective external prices, in which they are categorised as level 3.  In determining the fair value of these investment in equity instruments requires management to make judgments to select the valuation models including various assumptions and unobservable inputs. The use of different valuation models and assumptions could produce significantly different estimates of fair value.  The valuation of investment in equity instruments in statement of financial position is considered a key audit matter due to the degree of complexity involved in valuing level 3 instruments and the significance of management judgments and estimates relating to the selection of valuation techniques, assumptions and unobservable inputs used in fair valuation of this investment. | My audit procedures included:   * Inquiring of management and understanding method and process of valuation of investment in non-listed equity instruments by considering the factors which could affect the fair value. * Evaluating the valuation techniques by considering the nature of the investee’s business, comparing with the techniques applied in the industry and challenging the key assumptions used in their valuation by comparing these to externally published industry data and considering whether these assumptions are consistent with the current market environment. * Testing reasonableness of key unobservable inputs used in the fair valuation model by comparing key assumptions and unobservable inputs used in the same industry. Furthermore,  I tested the fair value calculation of investment in equity instruments prepared by the management. * Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standard. |

*Emphasis of Matter*

I draw an attention to Note 16 to the financial statements, which describes discontinued operation from disposal of investment in a subsidiary operated in securities business. My opinion is not modified in respect of this matter.

*Other Matter*

The consolidated and separate financial statements of the Group and the Company for the year ended   
31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 24 February 2022.

*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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 and request that the correction be made.

*Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, 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 and the Company’s financial reporting process.

*Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated 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 TSAs 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 of the financial statements taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

* Identify and assess the risks of material misstatement of the consolidated 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 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 and separate financial statements, including the disclosures, and whether the consolidated 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 I 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated 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.

(Sureerat Thongarunsang)

Certified Public Accountant

Registration No. 4409

KPMG Phoomchai Audit Ltd.

Bangkok

22 February 2023