

S P V I Public Company Limited
Report and financial statements
31 December 2023

Independent Auditor's Report

To the Shareholders of S P V I Public Company Limited

Opinion

I have audited the accompanying financial statements of S P V I Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2023, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of S P V I Public Company Limited as at 31 December 2023, its financial performance and 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 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 are relevant to my audit of the 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenue is a material accounting entry which directly affects profit or loss of the Company. In addition, the Company has many branches, and receives rebates and sales promotions from its vendors. There are therefore risks with respect to the amount and timing of the recognition of revenue and the rebates and sales promotions from the vendors. I have therefore focused on the revenue recognition of the Company.

I examined the revenue recognition of the Company by assessing and testing its internal controls with respect to the revenue cycle. I applied a sampling method to select sale transactions occurring during the year and near the end of the reporting period to check against the supporting documents and I reviewed credit notes that the Company issued after the end of the reporting period. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers. Moreover, I applied a sampling method to select supporting documents for rebate and sale promotion transactions during the year to examine the recognition of the rebates and sale promotion granted by vendors.

Inventories

Computers and mobile phone are technology products which are constantly developing. Any changes in technology could affect the values of inventories. Estimating the net realisable value of inventories, as disclosed in Note 4 and Note 9 to the financial statements, thus requires significant management judgement, particularly with regard to the estimation of provision for diminution in the value of slow-moving and obsolete inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry, which impact the amount of provision set aside.

I assessed and gained an understanding of the internal controls of the Company relevant to the determination of provision for diminution in the value of inventories by making enquiry of responsible executives. In addition, I assessed the criteria used in determining such provision and reviewed the consistency of the application. I also compared the inventory holding periods and inventory movements to identify product lines with indicators of lower-than-normal inventory turnover, and performed analysis to compare the net proceeds from sales of goods occurring after the date of the financial statements with the cost of inventories.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do 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 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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 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 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, 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 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.

I am responsible for the audit resulting in this independent auditor's report.

P. Koonarangsri

Patcharawan Koonarangsri
Certified Public Accountant (Thailand) No. 6650

EY Office Limited
Bangkok: 15 February 2024

S P V I Public Company Limited
Statement of financial position
As at 31 December 2023

		(Unit: Baht)	
	<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets			
Current assets			
Cash and cash equivalents	7	63,588,049	50,277,436
Trade and other receivables	6, 8	154,576,747	68,870,301
Inventories	9	641,583,487	603,761,129
Other current assets	10	<u>21,979,862</u>	<u>18,885,491</u>
Total current assets		<u>881,728,145</u>	<u>741,794,357</u>
Non-current assets			
Equipment	11	119,424,956	92,680,500
Right-of-use assets	16	141,605,068	134,608,609
Intangible assets	12	36,706,841	37,110,663
Other non-current assets	13	39,029,729	34,209,350
Deferred tax assets	22	<u>13,161,850</u>	<u>12,543,091</u>
Total non-current assets		<u>349,928,444</u>	<u>311,152,213</u>
Total assets		<u><u>1,231,656,589</u></u>	<u><u>1,052,946,570</u></u>

The accompanying notes are an integral part of the financial statements.

S P V I Public Company Limited
Statement of financial position (continued)
As at 31 December 2023

		(Unit: Baht)	
	<u>Note</u>	<u>2023</u>	<u>2022</u>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	14	183,065,090	-
Trade and other payables	6, 15	299,558,138	333,725,271
Dividend payable		161,067	130,422
Current portion of long-term lease liabilities	16	68,916,261	63,728,272
Income tax payable		2,004,740	11,783,850
Other current liabilities		<u>1,122,160</u>	<u>1,818,417</u>
Total current liabilities		<u>554,827,456</u>	<u>411,186,232</u>
Non-current liabilities			
Long-term lease liabilities - net of current portion	16	74,874,922	71,660,879
Provision for long-term employee benefits	17	<u>21,914,078</u>	<u>20,252,380</u>
Total non-current liabilities		<u>96,789,000</u>	<u>91,913,259</u>
Total liabilities		<u>651,616,456</u>	<u>503,099,491</u>
Shareholders' equity			
Share capital			
Registered			
400,000,000 ordinary shares of Baht 0.50 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued and fully paid up			
400,000,000 ordinary shares of Baht 0.50 each		200,000,000	200,000,000
Share premium		39,809,592	39,809,592
Retained earnings			
Appropriated - statutory reserve	18	20,000,000	20,000,000
Unappropriated		<u>320,230,541</u>	<u>290,037,487</u>
Total shareholders' equity		<u>580,040,133</u>	<u>549,847,079</u>
Total liabilities and shareholders' equity		<u>1,231,656,589</u>	<u>1,052,946,570</u>

The accompanying notes are an integral part of the financial statements.

S P V I Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2023

			(Unit: Baht)
	<u>Note</u>	<u>2023</u>	<u>2022</u>
Profit or loss			
Revenues			
Sales	19	6,664,720,247	5,542,392,982
Service income	19	63,308,228	24,138,105
Other income	20	<u>42,021,743</u>	<u>49,233,905</u>
Total revenues		<u>6,770,050,218</u>	<u>5,615,764,992</u>
Expenses			
Cost of sales		6,009,436,073	4,967,479,501
Cost of services		39,781,066	7,978,192
Selling and distribution expenses		476,305,381	379,443,384
Administrative expenses		<u>110,520,779</u>	<u>94,419,229</u>
Total expenses		<u>6,636,043,299</u>	<u>5,449,320,306</u>
Operating profit		134,006,919	166,444,686
Finance cost		<u>(8,539,780)</u>	<u>(8,467,871)</u>
Profit before income tax expenses		125,467,139	157,976,815
Income tax expenses	22	<u>(25,274,713)</u>	<u>(31,410,920)</u>
Profit for the year		<u>100,192,426</u>	<u>126,565,895</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified</i> <i>to profit or loss in subsequent periods:</i>			
Actuarial gain		-	1,532,616
Less: Income tax effect	22	<u>-</u>	<u>(306,523)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>-</u>	<u>1,226,093</u>
Other comprehensive income for the year		<u>-</u>	<u>1,226,093</u>
Total comprehensive income for the year		<u>100,192,426</u>	<u>127,791,988</u>
Basic earnings per share	23		
Profit		<u>0.25</u>	<u>0.32</u>
Weighted average number of ordinary shares (shares)		<u>400,000,000</u>	<u>400,000,000</u>

The accompanying notes are an integral part of the financial statements.

S P V I Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2023

(Unit: Baht)

		Issued and paid up	Share	Retained earnings		
	Note	share capital	premium	Appropriated	Unappropriated	Total
Balance as at 1 January 2022		200,000,000	39,809,592	20,000,000	232,242,613	492,052,205
Profit for the year		-	-	-	126,565,895	126,565,895
Other comprehensive income for the year		-	-	-	1,226,093	1,226,093
Total comprehensive income for the year		-	-	-	127,791,988	127,791,988
Dividend paid	26	-	-	-	(69,997,114)	(69,997,114)
Balance as at 31 December 2022		<u>200,000,000</u>	<u>39,809,592</u>	<u>20,000,000</u>	<u>290,037,487</u>	<u>549,847,079</u>
Balance as at 1 January 2023		200,000,000	39,809,592	20,000,000	290,037,487	549,847,079
Profit for the year		-	-	-	100,192,426	100,192,426
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	100,192,426	100,192,426
Dividend paid	26	-	-	-	(69,999,372)	(69,999,372)
Balance as at 31 December 2023		<u>200,000,000</u>	<u>39,809,592</u>	<u>20,000,000</u>	<u>320,230,541</u>	<u>580,040,133</u>

The accompanying notes are an integral part of the financial statements.

S P V I Public Company Limited**Cash flow statement****For the year ended 31 December 2023**

	(Unit: Baht)	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Profit before tax	125,467,139	157,976,815
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	111,700,886	95,304,472
Reversal of allowance for expected credit losses	(30,000)	(164,601)
Reduction of inventory to net realisable value (reversal)	2,590,824	(8,206,270)
Loss on disposal/write-off of equipment, intangible assets and right-of-use assets	3,435,049	770,210
Provision for long-term employee benefits	2,442,218	2,200,760
Interest income	(300,508)	(85,238)
Interest expenses	8,534,331	6,577,663
Reduction in lease payments by lessors	-	(1,594,645)
Gain on lease modification	<u>(561,883)</u>	<u>(522,421)</u>
Profit from operating activities before changes in operating assets and liabilities	253,278,056	252,256,745
Operating assets (increase) decrease:		
Trade and other receivables	(85,676,446)	7,840,771
Inventories	(42,146,897)	(273,552,072)
Other current assets	(3,094,371)	(8,125,440)
Other non-current assets	(4,820,379)	(9,797,138)
Operating liabilities increase (decrease):		
Trade and other payables	(28,757,427)	212,034,897
Other current liabilities	(696,257)	(137,656)
Provision for long-term employee benefits	<u>(780,520)</u>	<u>-</u>
Cash flows from operating activities	87,305,759	180,520,107
Cash received from interest income	300,508	85,238
Cash paid for income tax	<u>(35,672,582)</u>	<u>(31,686,424)</u>
Net cash flows from operating activities	<u>51,933,685</u>	<u>148,918,921</u>

The accompanying notes are an integral part of the financial statements.

S P V I Public Company Limited
Cash flow statement (continued)
For the year ended 31 December 2023

	(Unit: Baht)	
	<u>2023</u>	<u>2022</u>
Cash flows from investing activities		
Proceeds from sales of equipment	37,515	46,752
Acquisitions of equipment	(67,702,851)	(38,309,225)
Increase in intangible assets	(7,408,589)	(25,478,909)
Cash paid for right-of-use assets	<u>(2,420,000)</u>	<u>(4,202,164)</u>
Net cash flows used in investing activities	<u>(77,493,925)</u>	<u>(67,943,546)</u>
Cash flows from financing activities		
Increase in short-term loans from financial institutions	1,977,886,541	1,244,300,000
Repayment of short-term loans from financial institutions	(1,794,821,451)	(1,244,300,000)
Dividend paid	(69,968,727)	(69,947,046)
Payment of principal portion of lease liabilities	(65,933,730)	(53,696,105)
Cash paid for interest expenses	<u>(8,291,780)</u>	<u>(6,497,863)</u>
Net cash flows from (used in) financing activities	<u>38,870,853</u>	<u>(130,141,014)</u>
Net increase (decrease) in cash and cash equivalents	13,310,613	(49,165,639)
Cash and cash equivalents at beginning of year	<u>50,277,436</u>	<u>99,443,075</u>
Cash and cash equivalents at end of year	<u><u>63,588,049</u></u>	<u><u>50,277,436</u></u>

Supplemental cash flows information:

Non-cash related transaction

Payable for purchase of equipment	1,001,090	9,311,281
Payable for purchase of intangible asset	2,681,786	29,300
Payable for acquisition of leasehold right	-	2,450,000
Additions to right-of-use assets and lease liabilities	76,994,137	50,741,879
Transfer inventory to equipment	1,733,715	2,713,702
Write-off trade account receivable as bad debts	-	197,595

The accompanying notes are an integral part of the financial statements.

S P V I Public Company Limited
Notes to financial statements
For the year ended 31 December 2023

1. General information

S P V I Public Company Limited ("the Company") is a limited company incorporated under Thai laws on 6 January 2011 and registered the change of its status to a public limited company under the Public Limited Companies Act on 10 April 2013 and domiciled in Thailand. Its major shareholder is IT City Public Company Limited, a company incorporated in Thailand. The Company is principally engaged in the distribution of computers, mobile phone, related accessories and related service. Its registered address is No. 1213/58-59 Soi Ladprao 94 Sriwara Road, Phlapphla, Wangthonglang, Bangkok.

As at 31 December 2023, the Company operates 80 branches (31 December 2022: 81 branches).

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

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 the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023. 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.

The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. 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.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 Revenue and expenses recognition

Sales of goods

Revenue from sale of goods is recognised 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 discounts.

Rendering of services

Revenue from after-sale service is recognised at a point in time upon completion of the service.

Installation service revenue is recognised over time when services have been rendered taking into account the stage of completion.

Selling support income and selling promotion income

Selling support income and selling promotion income are recognised as income on an accrual basis.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Inventories

Finished goods are valued at the lower of cost (under first-in, first-out method) and net realisable value.

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

Allowance for diminution in inventory value will be set up for obsolete, slow moving or deteriorated inventories.

4.4 Equipment/Depreciation

Equipment is stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Leasehold improvement	-	5 years
Computer	-	3 years
Office equipment	-	5 years
Furniture and fixtures	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.5 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives are as follows:

	<u>Useful lives</u>
Computer software	5 years
Franchise fee	Agreement term (5 - 7 years)

4.6 Leases

At inception of contract, the Company assesses whether a 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 as a lessee

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Buildings	-	2 - 15 years
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If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is 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

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

4.7 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.8 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gain and losses on exchange are included in determining income.

4.9 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the equipment, right-of-use assets and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.10 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees 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 recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognised restructuring-related costs.

4.11 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.12 Income Tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.13 Financial instruments

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and 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.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Company has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

At initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Regular way purchases and sales of financial assets

Regular way purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the settlement date, i.e., the date on which an asset is delivered.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Company considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.14 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

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

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. 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 reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

Determining the lease term with extension and termination options - The Company as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Company as a lessee

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Company's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Allowance for diminution in value of inventory

The determination of allowances for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realisable value is estimated based on the selling price expected in the ordinary course of business less the estimated costs to complete the sales; and provision for obsolete, slow-moving and deteriorated inventories that is estimated based on the approximate aging of each type of inventory.

Equipment/Depreciation

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

In addition, the management is required to review equipment 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 recognised 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 utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate 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.

6. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	<u>2023</u>	<u>2022</u>	(Unit: Million Baht) <u>Pricing policy</u>
<u>Transactions with major shareholder</u>			
<u>(IT City Public Company Limited)</u>			
Purchase of goods	-	1	Approximately market price
Dividends	20	20	At the declared rate
<u>Transactions with related companies</u>			
Sales of goods	27	73	Market price
Purchases of goods	3	2	Market price
Purchase of fixed assets	5	9	Market price
Service expenses	7	5	Prices agreed by the parties
Logistics and distribution fee	9	9	Prices agreed by the parties

As at 31 December 2023 and 2022, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
<u>Trade and other receivables - related parties (Note 8)</u>		
Related companies (related by common shareholders and common directors)	2,354	261
Total trade and other receivables - related parties	<u>2,354</u>	<u>261</u>
<u>Trade and other payables - related parties (Note 15)</u>		
Major shareholder	53	-
Related companies (related by common shareholders and common directors)	2,690	1,662
Total trade and other payables - related parties	<u>2,743</u>	<u>1,662</u>

Directors and management's benefits

During the years ended 31 December 2023 and 2022, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	26.8	29.2
Post-employment benefits	0.9	0.9
Total	<u>27.7</u>	<u>30.1</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Cash	2,406	2,640
Bank deposits	61,182	47,637
Total	<u>63,588</u>	<u>50,277</u>

As at 31 December 2023, bank deposits in savings accounts and fixed deposits carried interests between 0.15 and 0.95 percent per annum (2022: between 0.15 and 0.35 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	2,354	261
Total trade receivables - related parties	2,354	261
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	137,505	57,551
Past due		
Up to 3 months	8,985	6,688
3 - 6 months	-	273
6 - 12 months	63	-
Over 12 months	205	-
Total	146,758	64,512
Less: Allowance for expected credit losses	(205)	(235)
Total trade receivables - unrelated parties, net	146,553	64,277
Total trade receivable - net	148,907	64,538
<u>Other receivables</u>		
Other receivables - unrelated parties	5,670	4,332
Total other receivables	5,670	4,332
Total trade and other receivables - net	154,577	68,870

The normal credit term is 30 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables.

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Beginning balance	235	598
Reversal of provision for expected credit losses	(30)	(363)
Ending balance	205	235

9. Inventories

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Finished goods	675,445	635,032
Less: Reduce cost to net realisable value	<u>(33,862)</u>	<u>(31,271)</u>
Inventories - net	<u>641,583</u>	<u>603,761</u>

During the current year, the Company reduced cost of inventories by Baht 2.6 million, to reflect the net realisable value. This was included in cost of sales. (2022: reversed the write-down of cost of inventories by Baht 8.2 million, and reduced the amount of inventories recognised as expenses).

10. Other current assets

The outstanding balance of other current assets as at 31 December 2023 and 2022 are as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Input tax and value added tax refundable	15,791	14,821
Advance payments for purchase of goods	318	221
Others	<u>5,871</u>	<u>3,843</u>
Total other current liabilities	<u>21,980</u>	<u>18,885</u>

11. Equipment

	(Unit: Thousand Baht)						
	Leasehold improvement	Computer	Office equipment	Furniture and fixtures	Motor vehicles	Assets under installation	Total
Cost:							
1 January 2022	2,000	20,064	53,811	109,563	1,178	-	186,616
Additions	-	1,073	6,422	793	-	35,150	43,438
Disposals and write-off	-	(103)	(183)	(5,808)	-	-	(6,094)
Transfers in (out)	-	2,101	7,703	18,717	-	(25,808)	2,713
31 December 2022	2,000	23,135	67,753	123,265	1,178	9,342	226,673
Additions	-	1,364	11,377	32,734	-	13,917	59,392
Disposals and write-off	-	(203)	(1,849)	(2,858)	-	-	(4,910)
Transfers in (out)	-	1,514	4,637	18,229	-	(22,646)	1,734
31 December 2023	2,000	25,810	81,918	171,370	1,178	613	282,889
Accumulated depreciation:							
1 January 2022	2,000	15,516	31,043	63,082	698	-	112,339
Depreciation for the year	-	2,911	8,248	15,635	137	-	26,931
Depreciation on disposals and write-off	-	(97)	(154)	(5,026)	-	-	(5,277)
31 December 2022	2,000	18,330	39,137	73,691	835	-	133,993
Depreciation for the year	-	2,999	9,766	18,841	138	-	31,744
Depreciation on disposals and write-off	-	(190)	(1,040)	(1,043)	-	-	(2,273)
31 December 2023	2,000	21,139	47,863	91,489	973	-	163,464
Net book value:							
31 December 2022	-	4,805	28,616	49,574	343	9,342	92,680
31 December 2023	-	4,671	34,055	79,881	205	613	119,425
Depreciation for the year:							
2022 (Baht 25.2 million included in selling expenses, and the balance in administrative expenses)							26,931
2023 (Baht 30.0 million included in selling expenses, and the balance in administrative expenses)							31,744

As at 31 December 2023, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 96 million (2022: Baht 76 million).

12. Intangible assets

The net book value of intangible assets, as at 31 December 2023 and 2022 is presented below.

	(Unit: Thousand Baht)		
	Franchise fee	Computer software	Total
As at 31 December 2023			
Cost	42,723	45,374	88,097
Less: Accumulated amortisation	(27,951)	(23,439)	(51,390)
Net book value	14,772	21,935	36,707
As at 31 December 2022			
Cost	40,268	41,009	81,277
Less: Accumulated amortisation	(23,774)	(20,392)	(44,166)
Net book value	16,494	20,617	37,111

A reconciliation of the net book value of intangible assets for the years 2023 and 2022 is presented below.

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Net book value at beginning of year	37,111	22,143
Acquisition of computer software	7,606	15,735
Increase of franchise fee	2,455	7,224
Write-off of computer software	(902)	-
Amortisation for the year	(9,563)	(7,991)
Net book value at end of year	36,707	37,111

13. Other non-current assets

The outstanding balance of other non-current assets as at 31 December 2023 and 2022 are deposits.

14. Short-term loan from financial institution

(Unit: Thousand Baht)			
	Interest rate (percent per annum)	2023	2022
Promissory notes	4.27	162,500	-
Trust receipt	4.30	20,565	-
Total		183,065	-

As at 31 December 2023, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 367 million (31 December 2022: Baht 350 million).

15. Trade and other payables

(Unit: Thousand Baht)		
	<u>2023</u>	<u>2022</u>
Trade payables - related parties	46	2
Trade payables - unrelated parties	267,188	298,005
Other payables - related parties	1,099	960
Other payables - unrelated parties	13,635	12,336
Accrued expenses - related parties	1,598	700
Accrued expenses - unrelated parties	15,992	21,722
Total trade and other payables	299,558	333,725

16. Leases

The Company as a lessee

The Company has lease contracts for various items of assets used in its operations. Leases generally have lease terms between 2 - 15 years.

a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2023 and 2022 are summarised below:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Balance at beginning of year	134,609	145,592
Additions	2,420	4,202
Increase	76,994	54,042
Disposal	(754)	-
Reduction in lease modification	(358)	(7,995)
Reduction from lease reassessment	(913)	(850)
Depreciation for the year	<u>(70,393)</u>	<u>(60,382)</u>
Balance at end of year	<u>141,605</u>	<u>134,609</u>

b) Lease liabilities

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Lease payments	151,924	141,522
Less: Deferred interest expenses	<u>(8,133)</u>	<u>(6,133)</u>
Total	143,791	135,389
Less: Portion due within one year	<u>(68,916)</u>	<u>(63,728)</u>
Lease liabilities - net of current portion	<u>74,875</u>	<u>71,661</u>

Movements of the lease liability account during the years ended 31 December 2023 and 2022 are summarised below:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Balance at beginning of year	135,389	148,375
Additions	76,994	51,592
Accretion of interest	4,549	5,423
Repayments	(70,422)	(59,040)
Reduction in lease payments by lessors	-	(1,594)
Reduction in lease modification	(986)	(8,517)
Reduction from lease reassessment	(913)	(850)
Disposal	(820)	-
Balance at end of year	<u>143,791</u>	<u>135,389</u>

A maturity analysis of lease payments is disclosed in Note 28 under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Depreciation expense of right-of-use assets	70,393	60,382
Interest expense on lease liabilities	4,554	5,343
Expense relating to leases of low-value assets	197	189
Expense relating to short-term leases	18	-

d) Others

The Company had total cash outflows for leases for the year ended 31 December 2023 of Baht 70.6 million (2022: Baht 59.3 million), including the cash outflow related to leases of low-value assets.

17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company, was as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Provision for long-term employee benefits at beginning of year	20,252	19,584
Included in profit or loss:		
Current service cost	1,894	1,811
Interest cost	548	390
Included in other comprehensive income:		
Actuarial gain arising from financial assumptions changes	-	(1,533)
Benefits paid during the year	<u>(780)</u>	<u>-</u>
Provision for long-term employee benefits at end of year	<u>21,914</u>	<u>20,252</u>

The Company does not expect to pay of long-term employee benefits during the next year (2022: nil).

As at 31 December 2023, the weighted average duration of the liabilities for long-term employee benefit is 16 years (2022: 16 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	<u>2023</u>	<u>2022</u>
Discount rate	3.1	3.1
Salary increase rate	4.0 - 7.0	4.0 - 7.0
Turnover rate	0.0 - 40.0	0.0 - 40.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2023 and 2022 are summarised below:

(Unit: Million Baht)		
2023		
	Increase 1%	Decrease 1%
Discount rate	(2.1)	2.5
Salary increase rate	2.9	(2.5)
	Increase 20%	Decrease 20%
Turnover rate	(2.2)	2.9

(Unit: Million Baht)		
2022		
	Increase 1%	Decrease 1%
Discount rate	(2.1)	2.4
Salary increase rate	2.6	(2.2)
	Increase 20%	Decrease 20%
Turnover rate	(1.9)	2.5

18. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

19. Revenue from contracts with customers

Disaggregated revenue information

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Type of goods or service:		
Sale of products	6,664,720	5,542,393
After-sale services	26,695	23,686
Installation services	36,613	452
Total revenue from contracts with customers	<u>6,728,028</u>	<u>5,566,531</u>
Timing of revenue recognition:		
Revenue recognised at a point in time	6,691,415	5,556,079
Revenue recognised over time	36,613	452
Total revenue from contracts with customers	<u>6,728,028</u>	<u>5,566,531</u>

20. Other income

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Selling support income	28,213	30,915
Selling promotion income	10,152	14,938
Gain on lease modification	687	522
Interest income	301	85
Commission income	167	64
Gain on exchange	186	-
Others	2,316	2,709
Total	<u>42,022</u>	<u>49,233</u>

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Purchase of finished goods	6,047,258	5,251,913
Salaries and wages and other employee benefits	235,768	221,318
Change in inventories of finished goods	(40,413)	(270,839)
Depreciation and amortisation	111,700	93,790
Credit card fee	60,594	55,405
Sales fee	83,085	24,929
Rental and service center expenses from operating lease agreements	19,222	17,216
Logistics and distribution fee	9,759	9,025
Utilities expenses	10,267	8,491
Office supply expenses	6,830	5,212
Loss on write-off of assets	3,501	770

22. Income tax

Income tax expenses for the years ended 31 December 2023 and 2022 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Current income tax:		
Current income tax charge	25,894	30,366
Deferred tax:		
Relating to origination and reversal of temporary differences	(619)	1,045
Income tax expense reported in profit or loss	<u>25,275</u>	<u>31,411</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2023 and 2022 are as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Deferred tax relating to actuarial gain	-	307

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Accounting profit before tax	125,467	157,977
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	25,093	31,595
Effects of:		
Non-deductible expenses	219	204
Additional expense deductions allowed	(37)	(388)
Total	182	(184)
Income tax expenses reported in profit or loss	25,275	31,411

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	<u>2023</u>	<u>2022</u>
Deferred tax assets		
Allowance for diminution in value of inventories	6,772	6,254
Provision for long-term employee benefits	4,383	4,050
Lease	1,966	2,192
Allowance for expected credit losses	41	47
Total	13,162	12,543

23. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

24. 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 chief operating decision maker has been identified as Managing Director.

The one main reportable operating segment of the Company is the distribution of computers, mobile phone, related accessories and related service, and the single geographical area of its operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Major customers

For the years 2023 and 2022, the Company has no major external customer with revenue of 10 percent or more of an entity's revenues.

25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributes to the fund monthly at the rate of 5 percent of basic salary. Currently, the fund is managed by Tisco Asset Management Co., Ltd. and will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2023 amounting to approximately Baht 3.8 million (2022: Baht 3.6 million) were recognised as expenses.

26. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>2023</u>				
Final dividends for 2022	Annual General Meeting of the shareholders on 4 April 2023	70	0.175	25 April 2023
Total for 2023		70		
<u>2022</u>				
Final dividends for 2021	Annual General Meeting of the shareholders on 4 April 2022	70	0.175	25 April 2022
Total for 2022		70		

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2023, the Company had capital commitments of approximately Baht 0.5 million (2022: Baht 4.8 million), relating to the contract for website development project.

27.2 Lease and service commitments

27.2.1 The Company has entered into a logistics and distribution services agreement with a related company whereby the Company was obliged to pay for the service fee on a basis and at a rate as stipulated in the agreement. The term of agreement is 1 year and shall be renewal for another year each time, unless cancelled by either party.

27.2.2 The Company has entered into several contracts in respect of lease of the low value assets, short-term lease agreements and service agreement in respect of the warehouse and branch areas. The terms of the agreements are generally between 1 and 5 years.

As at 31 December 2023, the Company has future minimum payments as follows.

	(Unit: Million Baht)	
	<u>2023</u>	<u>2022</u>
Payable within:		
Less than 1 year	11.5	11.8
In over 1 and up to 5 years	2.2	7.7

27.3 Guarantees

As at 31 December 2023, there were outstanding bank guarantees of approximately Baht 198.9 million (2022: Baht 160.9 million) issued by bank on behalf of the Company in respect of the purchase of goods and services as required in the ordinary course of business of the Company.

28. Financial instruments

28.1 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade and other receivables, short-term loans from financial institution and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to deposits with banks and trade accounts receivable and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Company's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by bank guarantees or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the Company does not have high concentrations of credit risk since it has a large customer base in various industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for grouping of various customer segments with similar credit risks. The Company classifies customer segments by customer type and rating, and coverage by bank guarantees and other forms of credit insurance. The Company does not hold collateral as security. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial instruments and cash deposits

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Finance Manager on an annual basis, and may be updated throughout the year subject to approval of the Company's Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Market risk

There are two types of market risk comprising currency risk and interest rate risk.

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from purchasing transactions that are denominated in foreign currencies.

As at 31 December 2023 and 2022, the outstanding balance of financial liabilities denominated in foreign currencies are not material.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, short-term loans from financial institution and lease liabilities. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings. The Company's policy is to match between sources and uses of funds.

As at 31 December 2023 and 2022, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	2023					
	Fixed interest rates		Floating	Non-		Effective
	within	more than	interest	interest		interest rate
	1 year	1 year	rate	bearing	Total	(% per annum)
Financial assets						
Cash and cash equivalent	-	-	39	25	64	0.15 - 0.95
Trade and other receivables	-	-	-	155	155	-
	-	-	39	180	219	
Financial liabilities						
Short-term loans from						
financial institutions	183,065	-	-	-	183,065	4.27 - 4.30
Trade and other payables	-	-	-	299	299	-
Lease liabilities	69	75	-	-	144	3.15 - 4.50
	183,134	75	-	299	183,508	

(Unit: Million Baht)

	2022					
	Fixed interest rates		Floating	Non-		Effective
	within	more than	interest	interest		interest rate
	1 year	1 year	rate	bearing	Total	(% per annum)
Financial assets						
Cash and cash equivalent	-	-	43	7	50	0.15 - 0.35
Trade and other receivables	-	-	-	69	69	-
	-	-	43	76	119	
Financial liabilities						
Trade and other payables	-	-	-	334	334	-
Lease liabilities	64	71	-	-	135	3.15 - 4.25
	64	71	-	334	469	

Liquidity risk

The Company needs liquidity to meet its obligations and is responsible for its own cash balances and the raising of credit lines to cover the liquidity needs.

The Company monitors the risk of a shortage of liquidity position by a recurring liquidity planning and maintains an adequate level of cash, cash at banks and unused committed and uncommitted credit lines with banks to meet its liquidity requirements.

The table below summarises the maturity profile of the Company's non-derivative financial liabilities as at 31 December 2023 and 2022 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)			
As at 31 December 2023			
	Less than 1 year	1 - 5 years	Total
Short-term loans from financial institutions	184,116	-	184,116
Trade and other payables	299,558	-	299,558
Lease liabilities	73,093	78,831	151,924
Total	556,767	78,831	635,598

(Unit: Thousand Baht)			
As at 31 December 2022			
	Less than 1 year	1 - 5 years	Total
Trade and other payables	333,725	-	333,725
Lease liabilities	67,378	74,144	141,522
Total	401,103	74,144	475,247

28.2 Fair values of financial instruments

Since the majority of the Company's 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.

29. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2023, the Company's debt-to-equity ratio was 1.12:1 (2022: 0.91:1).

30. Event after the reporting period

On 15 February 2024, the meeting of the Company's Board of Directors No.1/2024 passed a resolution approving the dividend payment for the year 2023 to the Company's shareholders at Baht 0.145 per share or a total dividend of approximately Baht 68 million. The Company will further propose this dividend payment for approval to the Annual General Meeting of the shareholders.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 15 February 2024.