

S P V I Public Company Limited
Report and financial statements
31 December 2022



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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 2022, 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 2022, 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.



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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: 16 February 2023

S P V I Public Company Limited
Statement of financial position
As at 31 December 2022

(Unit: Baht)

| | <u>Note</u> | <u>2022</u> | <u>2021</u> |
|---------------------------------|-------------|----------------------|--------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 50,277,436 | 99,443,075 |
| Trade and other receivables | 6, 8 | 68,870,301 | 76,546,471 |
| Inventories | 9 | 603,761,129 | 324,716,489 |
| Other current assets | 10 | 18,885,491 | 10,760,051 |
| Total current assets | | <u>741,794,357</u> | <u>511,466,086</u> |
| Non-current assets | | | |
| Equipment | 11 | 92,680,500 | 74,276,641 |
| Right-of-use assets | 15 | 134,608,609 | 145,591,509 |
| Intangible assets | 12 | 37,110,663 | 22,143,205 |
| Other non-current assets | 13 | 34,209,350 | 24,412,212 |
| Deferred tax assets | 20 | 12,543,091 | 13,895,058 |
| Total non-current assets | | <u>311,152,213</u> | <u>280,318,625</u> |
| Total assets | | <u>1,052,946,570</u> | <u>791,784,711</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 2022

| | <u>Note</u> | <u>2022</u> | <u>2021</u> |
|------------------------------------------------------|-------------|----------------------|--------------------|
| (Unit: Baht) | | | |
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Trade and other payables | 6, 14 | 333,725,271 | 116,632,114 |
| Dividend payable | | 130,422 | 80,354 |
| Current portion of long-term lease liabilities | 15 | 63,728,272 | 50,783,963 |
| Income tax payable | | 11,783,850 | 13,104,798 |
| Other current liabilities | | 1,818,417 | 1,956,073 |
| Total current liabilities | | <u>411,186,232</u> | <u>182,557,302</u> |
| Non-current liabilities | | | |
| Long-term lease liabilities - net of current portion | 15 | 71,660,879 | 97,590,968 |
| Provision for long-term employee benefits | 16 | 20,252,380 | 19,584,236 |
| Total non-current liabilities | | <u>91,913,259</u> | <u>117,175,204</u> |
| Total liabilities | | <u>503,099,491</u> | <u>299,732,506</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 | 17 | 20,000,000 | 20,000,000 |
| Unappropriated | | 290,037,487 | 232,242,613 |
| Total shareholders' equity | | <u>549,847,079</u> | <u>492,052,205</u> |
| Total liabilities and shareholders' equity | | <u>1,052,946,570</u> | <u>791,784,711</u> |

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




Directors


SPVI
 S P V I Public Company Limited
 บริษัท เอส พี วี ไอ จำกัด (มหาชน)

S P V I Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2022

| | | (Unit: Baht) |
|---------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------------|
| | <u>Note</u> | <u>2022</u> <u>2021</u> |
| Profit or loss | | |
| Revenues | | |
| Sales | | 5,542,392,982 5,510,491,695 |
| Service income | | 24,138,105 25,300,174 |
| Other income | 18 | <u>49,233,905</u> <u>37,467,060</u> |
| Total revenues | | <u>5,615,764,992</u> <u>5,573,258,929</u> |
| Expenses | | |
| Cost of sales | | 4,967,479,501 4,990,686,436 |
| Cost of services | | 7,978,192 8,083,717 |
| Selling and distribution expenses | | 379,443,384 323,320,212 |
| Administrative expenses | | <u>94,419,229</u> <u>85,923,533</u> |
| Total expenses | | <u>5,449,320,306</u> <u>5,408,013,898</u> |
| Operating profit | | 166,444,686 165,245,031 |
| Finance cost | | <u>(8,467,871)</u> <u>(8,566,089)</u> |
| Profit before income tax expenses | | 157,976,815 156,678,942 |
| Income tax expenses | 20 | <u>(31,410,920)</u> <u>(31,117,303)</u> |
| Profit for the year | | <u>126,565,895</u> <u>125,561,639</u> |
| Other comprehensive income: | | |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | |
| Actuarial gain (loss) | | 1,532,616 (2,231,149) |
| Less: Income tax effect | 20 | <u>(306,523)</u> <u>446,230</u> |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | | <u>1,226,093</u> <u>(1,784,919)</u> |
| Other comprehensive income for the year | | <u>1,226,093</u> <u>(1,784,919)</u> |
| Total comprehensive income for the year | | <u>127,791,988</u> <u>123,776,720</u> |
| Basic earnings per share | 21 | |
| Profit | | <u>0.32</u> <u>0.31</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.

SPVI
S P V I Public Company Limited
บริษัท เอสพีวี ี จำกัด (มหาชน)

S P V I Public Company Limited
Statement of changes in shareholders' equity
For the year ended 31 December 2022

(Unit: Baht)

| | Note | Issued and | Share | Retained earnings | | Total |
|-----------------------------------------|------|--------------------|-------------------|-------------------|--------------------|--------------------|
| | | paid up | | share capital | premium | |
| Balance as at 1 January 2021 | | 200,000,000 | 39,809,592 | 20,000,000 | 152,465,145 | 412,274,737 |
| Profit for the year | | - | - | - | 125,561,639 | 125,561,639 |
| Other comprehensive income for the year | | - | - | - | (1,784,919) | (1,784,919) |
| Total comprehensive income for the year | | - | - | - | 123,776,720 | 123,776,720 |
| Dividend paid | 24 | - | - | - | (43,999,252) | (43,999,252) |
| Balance as at 31 December 2021 | | <u>200,000,000</u> | <u>39,809,592</u> | <u>20,000,000</u> | <u>232,242,613</u> | <u>492,052,205</u> |
| 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 | 24 | - | - | - | (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> |

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 2022

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| | | (Unit: Baht) |
| Cash flows from operating activities | | |
| Profit before tax | 157,976,815 | 156,678,942 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | |
| Depreciation and amortisation | 95,304,472 | 76,880,681 |
| Reversal of allowance for expected credit losses | (164,601) | (628,587) |
| Reduction of inventory to net realisable value (reversal) | (8,206,270) | 2,394,231 |
| Loss (gain) on disposal/write-off of equipment and intangible assets | 770,210 | (418,949) |
| Provision for long-term employee benefits | 2,200,760 | 2,021,869 |
| Interest income | (85,238) | (68,789) |
| Interest expenses | 6,577,663 | 7,073,407 |
| Reduction in lease payments by lessors | (1,594,645) | (8,471,921) |
| Gain on lease modification | <u>(522,421)</u> | <u>(899,600)</u> |
| Profit from operating activities before changes in operating assets and liabilities | 252,256,745 | 234,561,284 |
| Operating assets (increase) decrease: | | |
| Trade and other receivables | 7,840,771 | (8,272,789) |
| Inventories | (273,552,072) | 125,159,217 |
| Other current assets | (8,125,440) | 11,413,136 |
| Other non-current assets | (9,797,138) | (1,903,663) |
| Operating liabilities increase (decrease): | | |
| Trade and other payables | 212,034,897 | (24,499,527) |
| Other current liabilities | (137,656) | 593,440 |
| Provision for long-term employee benefits | <u>-</u> | <u>(4,318,147)</u> |
| Cash flows from operating activities | 180,520,107 | 332,732,951 |
| Cash received from interest income | 85,238 | 68,789 |
| Cash paid for income tax | <u>(31,686,424)</u> | <u>(28,085,375)</u> |
| Net cash flows from operating activities | <u>148,918,921</u> | <u>304,716,365</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 2022

| | <u>2022</u> | <u>2021</u> |
|-------------------------------------------------------------|--------------------------|--------------------------|
| | | (Unit: Baht) |
| Cash flows from investing activities | | |
| Proceeds from sales of equipment | 46,752 | 474,552 |
| Acquisitions of equipment | (38,309,225) | (31,664,778) |
| Increase in intangible assets | (25,478,909) | (8,556,733) |
| Cash paid for right-of-use assets | (4,202,164) | (2,638,000) |
| Net cash flows used in investing activities | <u>(67,943,546)</u> | <u>(42,384,959)</u> |
| Cash flows from financing activities | | |
| Increase in short-term loans from financial institution | 1,244,300,000 | 809,405,784 |
| Repayment of short-term loans from financial institution | (1,244,300,000) | (931,405,784) |
| Dividend paid | (69,947,046) | (43,988,158) |
| Payment of principal portion of lease liabilities | (53,696,105) | (35,653,118) |
| Cash paid for interest expenses | (6,497,863) | (6,215,359) |
| Net cash flows used in financing activities | <u>(130,141,014)</u> | <u>(207,856,635)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(49,165,639)</u> | <u>54,474,771</u> |
| Cash and cash equivalents at beginning of year | <u>99,443,075</u> | <u>44,968,304</u> |
| Cash and cash equivalents at end of year | <u><u>50,277,436</u></u> | <u><u>99,443,075</u></u> |

Supplemental cash flows information:

Non-cash related transaction

| | | |
|--------------------------------------------------------|------------|------------|
| Payable for purchase of equipment | 9,311,281 | 4,182,321 |
| Payable for purchase of intangible asset | 29,300 | 2,550,000 |
| Payable for acquisition of leasehold right | 2,450,000 | - |
| Additions to right-of-use assets and lease liabilities | 50,741,879 | 43,791,082 |
| Transfer inventory to equipment | 2,713,702 | 3,184,002 |
| 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 2022

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 2022, the Company operates 81 branches (31 December 2021: 66 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 and interpretations which are effective for fiscal years beginning on or after 1 January 2022. 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 2023

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 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 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

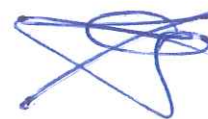
Service revenue is recognised at a point in time upon completion of the service.

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 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.



SPVI

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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 - 11 years

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.



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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.

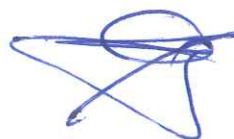
Equipment/Depreciation

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>2022</u> | <u>2021</u> | (Unit: Million Baht) <u>Pricing policy</u> |
|---------------------------------------------------|-------------|-------------|-----------------------------------------------|
| <u>Transactions with major shareholder</u> | | | |
| <u>(IT City Public Company Limited)</u> | | | |
| Sales of goods | - | 1 | Market price |
| Purchase of goods | 1 | 1 | Approximately market price |
| Dividends | 20 | 13 | At the declared rate |
| <u>Transactions with related companies</u> | | | |
| Sales of goods | 73 | 70 | Market price |
| Purchases of goods | 2 | 6 | Market price |
| Purchase of fixed assets | 9 | 1 | Market price |
| Service expenses | 5 | 5 | Prices agreed by the parties |
| Logistics and distribution fee | 9 | 8 | Prices agreed by the parties |

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As at 31 December 2022 and 2021, the balances of the accounts between the Company and those related companies are as follows:

| | (Unit: Thousand Baht) | |
|-------------------------------------------------------------------------|-----------------------|--------------|
| | <u>2022</u> | <u>2021</u> |
| <u>Trade and other receivables - related parties (Note 8)</u> | | |
| Related companies (related by common shareholders and common directors) | 261 | 5,800 |
| Total trade and other receivables - related parties | <u>261</u> | <u>5,800</u> |
| <u>Trade and other payables - related parties (Note 14)</u> | | |
| Major shareholder | - | 239 |
| Related companies (related by common shareholders and common directors) | 1,662 | 6,444 |
| Total trade and other payables - related parties | <u>1,662</u> | <u>6,683</u> |

Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Company had employee benefit expenses payable to their directors and management as below.

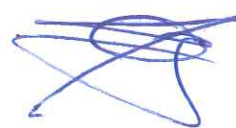
| | (Unit: Million Baht) | |
|------------------------------|----------------------|-------------|
| | <u>2022</u> | <u>2021</u> |
| Short-term employee benefits | 29.2 | 28.6 |
| Post-employment benefits | 0.9 | 1.0 |
| Total | <u>30.1</u> | <u>29.6</u> |

7. Cash and cash equivalents

| | (Unit: Thousand Baht) | |
|---------------|-----------------------|---------------|
| | <u>2022</u> | <u>2021</u> |
| Cash | 2,640 | 4,417 |
| Bank deposits | 47,637 | 95,026 |
| Total | <u>50,277</u> | <u>99,443</u> |

As at 31 December 2022, bank deposits in savings accounts and fixed deposits carried interests between 0.15 and 0.35 percent per annum (2021: between 0.05 and 0.25 percent per annum).





8. Trade and other receivables

| | (Unit: Thousand Baht) | |
|--------------------------------------------------|-----------------------|---------------|
| | <u>2022</u> | <u>2021</u> |
| <u>Trade receivables - related parties</u> | | |
| Aged on the basis of due dates | | |
| Not yet due | 261 | 5,749 |
| Past due | | |
| Up to 3 months | - | 51 |
| Total trade receivables - related parties | <u>261</u> | <u>5,800</u> |
| <u>Trade receivables - unrelated parties</u> | | |
| Aged on the basis of due dates | | |
| Not yet due | 57,551 | 54,054 |
| Past due | | |
| Up to 3 months | 6,688 | 12,329 |
| 3 - 6 months | 273 | 4 |
| Over 12 months | - | 598 |
| Total | <u>64,512</u> | <u>66,985</u> |
| Less: Allowance for expected credit losses | <u>(235)</u> | <u>(598)</u> |
| Total trade receivables - unrelated parties, net | <u>64,277</u> | <u>66,387</u> |
| Total trade receivable - net | <u>64,538</u> | <u>72,187</u> |
| <u>Other receivables</u> | | |
| Other receivables - unrelated parties | <u>4,332</u> | <u>4,359</u> |
| Total other receivables | <u>4,332</u> | <u>4,359</u> |
| Total trade and other receivables - net | <u>68,870</u> | <u>76,546</u> |

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>2022</u> | <u>2021</u> |
| Beginning balance | 598 | 1,226 |
| Reversal of provision for expected credit losses | <u>(363)</u> | <u>(628)</u> |
| Ending balance | <u>235</u> | <u>598</u> |




9. Inventories

| | (Unit: Thousand Baht) | |
|-------------------------------------------|-----------------------|-----------------|
| | <u>2022</u> | <u>2021</u> |
| Finished goods | 635,032 | 364,193 |
| Less: Reduce cost to net realisable value | <u>(31,271)</u> | <u>(39,477)</u> |
| Inventories - net | <u>603,761</u> | <u>324,716</u> |

During the current year, the Company reversed the write-down of cost of inventories by Baht 8.2 million and reduced the amount of inventories recognised as expenses during the year (2021: reduced cost of inventories by Baht 2.4 million, to reflect the net realisable value which was included in cost of sales).

10. Other current assets

The outstanding balance of other current assets as at 31 December 2022 and 2021 are as follows:

| | (Unit: Thousand Baht) | |
|------------------------------------------|-----------------------|---------------|
| | <u>2022</u> | <u>2021</u> |
| Input tax and value added tax refundable | 14,821 | 5,819 |
| Advance payments for purchase of goods | 221 | 494 |
| Others | <u>3,843</u> | <u>4,447</u> |
| Total other current liabilities | <u>18,885</u> | <u>10,760</u> |



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11. Equipment

(Unit: Thousand Baht)

| | Leasehold improvement | Computer | Office equipment | Furniture and fixtures | Motor vehicles | Assets under installation | Total |
|---------------------------------------------------------------------------------------------------|--------------------------|----------|---------------------|---------------------------|-------------------|------------------------------|---------|
| Cost: | | | | | | | |
| 1 January 2021 | 2,000 | 16,768 | 41,935 | 88,330 | 1,178 | 283 | 150,494 |
| Additions | - | 579 | 3,802 | 3,149 | - | 28,192 | 35,722 |
| Disposals and write-off | - | (467) | (364) | (1,953) | - | - | (2,784) |
| Transfers in (out) | - | 3,184 | 8,438 | 20,037 | - | (28,475) | 3,184 |
| 31 December 2021 | 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 |
| Accumulated depreciation: | | | | | | | |
| 1 January 2021 | 2,000 | 13,474 | 24,462 | 53,224 | 561 | - | 93,721 |
| Depreciation for the year | - | 2,461 | 6,937 | 11,811 | 137 | - | 21,346 |
| Depreciation on disposals and write-off | - | (419) | (356) | (1,953) | - | - | (2,728) |
| 31 December 2021 | 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 |
| Net book value: | | | | | | | |
| 31 December 2021 | - | 4,548 | 22,768 | 46,481 | 480 | - | 74,277 |
| 31 December 2022 | - | 4,805 | 28,616 | 49,574 | 343 | 9,342 | 92,680 |
| Depreciation for the year: | | | | | | | |
| 2021 (Baht 19.6 million included in selling expenses, and the balance in administrative expenses) | | | | | | | 21,346 |
| 2022 (Baht 25.2 million included in selling expenses, and the balance in administrative expenses) | | | | | | | 26,931 |

As at 31 December 2022, 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 76 million (2021: Baht 66 million).

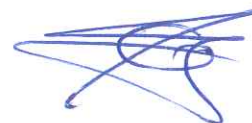
12. Intangible assets

The net book value of intangible assets, as at 31 December 2022 and 2021 is presented below.

| | (Unit: Thousand Baht) | | |
|--------------------------------|-----------------------|-------------------|---------------|
| | Franchise fee | Computer software | Total |
| As at 31 December 2022 | | | |
| Cost | 40,268 | 41,009 | 81,277 |
| Less: Accumulated amortisation | (23,774) | (20,392) | (44,166) |
| Net book value | <u>16,494</u> | <u>20,617</u> | <u>37,111</u> |
| As at 31 December 2021 | | | |
| Cost | 33,044 | 25,274 | 58,318 |
| Less: Accumulated amortisation | (18,179) | (17,996) | (36,175) |
| Net book value | <u>14,865</u> | <u>7,278</u> | <u>22,143</u> |

A reconciliation of the net book value of intangible assets for the years 2022 and 2021 is presented below.

| | (Unit: Thousand Baht) | |
|-------------------------------------|-----------------------|---------------|
| | <u>2022</u> | <u>2021</u> |
| Net book value at beginning of year | 22,143 | 18,695 |
| Acquisition of computer software | 15,735 | 5,798 |
| Increase of franchise fee | 7,224 | 4,259 |
| Amortisation for the year | (7,991) | (6,609) |
| Net book value at end of year | <u>37,111</u> | <u>22,143</u> |

13. Other non-current assets

The outstanding balance of other non-current assets as at 31 December 2022 and 2021 are deposits.

14. Trade and other payables

(Unit: Thousand Baht)

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------|----------------|----------------|
| Trade payables - related parties | 2 | 2,684 |
| Trade payables - unrelated parties | 298,005 | 75,901 |
| Other payables - related parties | 960 | 3,299 |
| Other payables - unrelated parties | 12,336 | 8,783 |
| Accrued expenses - related parties | 700 | 700 |
| Accrued expenses - unrelated parties | 21,722 | 25,265 |
| Total trade and other payables | <u>333,725</u> | <u>116,632</u> |

15. 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 - 11 years.

a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------|----------------|----------------|
| Balance at beginning of year | 145,592 | 162,841 |
| Additions | 4,202 | 2,638 |
| Increase | 54,042 | 43,791 |
| Reduction in lease modification | (7,995) | (14,753) |
| Reduction from lease reassessment | (850) | - |
| Depreciation for the year | (60,382) | (48,925) |
| Balance at end of year | <u>134,609</u> | <u>145,592</u> |

b) Lease liabilities

| | (Unit: Thousand Baht) | |
|--------------------------------------------|-----------------------|----------------|
| | <u>2022</u> | <u>2021</u> |
| Lease payments | 141,522 | 157,774 |
| Less: Deferred interest expenses | (6,133) | (9,399) |
| Total | <u>135,389</u> | <u>148,375</u> |
| Less: Portion due within one year | (63,728) | (50,784) |
| Lease liabilities - net of current portion | <u>71,661</u> | <u>97,591</u> |

Movements of the lease liability account during the years ended 31 December 2022 and 2021 are summarised below:

| | (Unit: Thousand Baht) | |
|---------------------------------------|-----------------------|----------------|
| | <u>2022</u> | <u>2021</u> |
| Balance at beginning of year | 148,375 | 163,408 |
| Additions | 51,592 | 43,791 |
| Accretion of interest | 5,423 | 5,834 |
| Repayments | (59,040) | (40,534) |
| Reduction in lease payment by lessors | (1,594) | (8,471) |
| Reduction in lease modification | (8,517) | (15,653) |
| Reduction from lease reassessment | (850) | - |
| Balance at end of year | <u>135,389</u> | <u>148,375</u> |

A maturity analysis of lease payments is disclosed in Note 26 under the liquidity risk.


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

| | (Unit: Thousand Baht) | |
|------------------------------------------------|-----------------------|-------------|
| | <u>2022</u> | <u>2021</u> |
| Depreciation expense of right-of-use assets | 60,382 | 48,925 |
| Interest expense on lease liabilities | 5,343 | 4,881 |
| Expense relating to leases of low-value assets | 189 | 248 |

d) Others

The Company had total cash outflows for leases for the year ended 31 December 2022 of Baht 59.3 million (2021: Baht 40.8 million), including the cash outflow related to leases of low-value assets.





16. 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>2022</u> | <u>2021</u> |
| Provision for long-term employee benefits at beginning of year | 19,584 | 19,649 |
| Included in profit or loss: | | |
| Current service cost | 1,811 | 1,688 |
| Interest cost | 390 | 334 |
| Included in other comprehensive income: | | |
| Actuarial (gain) loss arising from Financial assumptions changes | (1,533) | 2,231 |
| Benefits paid during the year | - | (4,318) |
| Provision for long-term employee benefits at end of year | <u>20,252</u> | <u>19,584</u> |

The Company does not expect to pay of long-term employee benefits during the next year (2021: nil).

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 16 years (2021: 16 years).

Significant actuarial assumptions are summarised below:

| | <u>2022</u> | <u>2021</u> |
|----------------------|---------------|---------------|
| | (% per annum) | (% per annum) |
| Discount rate | 3.1 | 2.4 |
| 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 2022 and 2021 are summarised below:

| | (Unit: Million Baht) | |
|----------------------|------------------------|--------------|
| | As at 31 December 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 |

| | (Unit: Million Baht) | |
|----------------------|------------------------|--------------|
| | As at 31 December 2021 | |
| | Increase 1% | Decrease 1% |
| Discount rate | (2.0) | 2.3 |
| Salary increase rate | 2.2 | (2.0) |
| | Increase 20% | Decrease 20% |
| Turnover rate | (1.7) | 2.1 |

17. 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.

18. Other income

(Unit: Thousand Baht)

| | <u>2022</u> | <u>2021</u> |
|-------------------------------|---------------|---------------|
| Selling support income | 30,915 | 27,541 |
| Selling promotion income | 14,938 | 6,464 |
| Gain on lease modification | 522 | 900 |
| Interest income | 85 | 69 |
| Commission income | 64 | 223 |
| Gain on disposal of equipment | - | 419 |
| Others | 2,709 | 1,851 |
| Total | <u>49,233</u> | <u>37,467</u> |

19. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------------------------------------|-------------|-------------|
| Purchase of finished goods | 5,251,913 | 4,862,790 |
| Salaries and wages and other employee benefits | 221,318 | 198,283 |
| Change in inventories of finished goods | (270,839) | 128,344 |
| Depreciation and amortisation | 93,790 | 69,362 |
| Credit card fee | 55,405 | 58,462 |
| Sales fee | 24,929 | 22,089 |
| Rental and service center expenses from operating lease agreements | 17,216 | 15,968 |
| Logistics and distribution fee | 9,025 | 8,311 |
| Utilities expenses | 8,491 | 6,484 |
| Office supply expenses | 5,212 | 5,119 |
| Loss on write-off of assets | 770 | - |

20. Income tax

Income tax expenses for the years ended 31 December 2022 and 2021 are made up as follows:

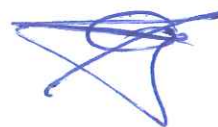
| | (Unit: Thousand Baht) | |
|---------------------------------------------------------------|-----------------------|---------------|
| | <u>2022</u> | <u>2021</u> |
| Current income tax: | | |
| Current income tax charge | 30,366 | 31,469 |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 1,045 | (352) |
| Income tax expense reported in profit or loss | <u>31,411</u> | <u>31,117</u> |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

| | (Unit: Thousand Baht) | |
|------------------------------------------------|-----------------------|-------------|
| | <u>2022</u> | <u>2021</u> |
| Deferred tax relating to actuarial gain (loss) | 307 | (446) |

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

| | (Unit: Thousand Baht) | |
|------------------------------------------------------------|-----------------------|---------------|
| | <u>2022</u> | <u>2021</u> |
| Accounting profit before tax | 157,977 | 156,679 |
| Applicable tax rate | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 31,595 | 31,336 |
| Effects of: | | |
| Non-deductible expenses | 204 | 129 |
| Additional expense deductions allowed | (388) | (348) |
| Total | (184) | (219) |
| Income tax expenses reported in profit or loss | <u>31,411</u> | <u>31,117</u> |

The components of deferred tax assets are as follows:

| | (Unit: Thousand Baht) | |
|--------------------------------------------------|----------------------------------|---------------|
| | Statements of financial position | |
| | <u>2022</u> | <u>2021</u> |
| Deferred tax assets | | |
| Allowance for diminution in value of inventories | 6,254 | 7,895 |
| Provision for long-term employee benefits | 4,050 | 3,917 |
| Lease | 2,192 | 1,963 |
| Allowance for expected credit losses | 47 | 120 |
| Total deferred tax assets | <u>12,543</u> | <u>13,895</u> |

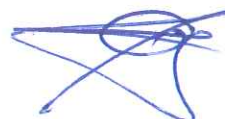
21. Basic earnings per share

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.

22. 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, which revenue is recognised at a point in time, 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.

23. 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 2022 amounting to approximately Baht 3.6 million (2021: Baht 3.4 million) were recognised as expenses.

24. Dividend

| Dividends | Approved by | Total dividends (Million Baht) | Dividend per share (Baht) | Paid on |
|--------------------------|------------------------------------------------------------|-----------------------------------|------------------------------|---------------|
| 2022 | | | | |
| Final dividends for 2021 | Annual General Meeting of the shareholders on 4 April 2022 | 70 | 0.175 | 25 April 2022 |
| Total for 2022 | | 70 | | |
| 2021 | | | | |
| Final dividends for 2020 | Annual General Meeting of the shareholders on 2 April 2021 | 44 | 0.11 | 26 April 2021 |
| Total for 2021 | | 44 | | |

25. Commitments and contingent liabilities

25.1 Capital commitments

As at 31 December 2022, the Company had capital commitments of approximately Baht 4.8 million (2021: Baht 2.9 million), relating to the contract for website development project.

25.2 Lease and service commitments

25.2.1 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.

25.2.2 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 2022, the Company has future minimum payments as follows.

| | (Unit: Million Baht) | |
|-----------------------------|----------------------|-------------|
| | <u>2022</u> | <u>2021</u> |
| Payable within: | | |
| Less than 1 year | 16.3 | 20.3 |
| In over 1 and up to 5 years | 7.7 | 12.9 |

25.3 Guarantees

As at 31 December 2022, there were outstanding bank guarantees of approximately Baht 160.9 million (2021: Baht 99.6 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.

26. Financial instruments

26.1 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 2022 and 2021, 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 2022 and 2021, 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)

| | As at 31 December 2022 | | | | | Effective interest rate (% per annum) |
|------------------------------|------------------------|---------------------|------------------------------|-----------------------------|-------|---------------------------------------------|
| | Fixed interest rates | | Floating interest rate | Non- interest bearing | Total | |
| | within 1 year | more than 1 year | | | | |
| 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 | |

(Unit: Million Baht)

| | As at 31 December 2021 | | | | | Effective interest rate (% per annum) |
|------------------------------|------------------------|---------------------|------------------------------|-----------------------------|-------|---------------------------------------------|
| | Fixed interest rates | | Floating interest rate | Non- interest bearing | Total | |
| | within 1 year | more than 1 year | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalent | - | - | 82 | 17 | 99 | 0.05 - 0.25 |
| Trade and other receivables | - | - | - | 77 | 77 | - |
| | - | - | 82 | 94 | 176 | |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | 117 | 117 | - |
| Lease liabilities | 51 | 97 | - | - | 148 | 3.00 - 4.25 |
| | 51 | 97 | - | 117 | 265 | |

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 2022 and 2021 based on contractual undiscounted cash flows:

(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 |

(Unit: Thousand Baht)

As at 31 December 2021

| | Less than 1 year | 1 - 5 years | Total |
|--------------------------|---------------------|----------------|----------------|
| Trade and other payables | 116,632 | - | 116,632 |
| Lease liabilities | 55,511 | 102,263 | 157,774 |
| Total | 172,143 | 102,263 | 274,406 |

26.2 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.

27. 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 2022, the Company's debt-to-equity ratio was 0.91:1 (2021: 0.61:1).

28. Event after the reporting period

On 16 February 2023, the meeting of the Company's Board of Directors No.1/2023 passed a resolution approving the dividend payment for the year 2022 to the Company's shareholders at Baht 0.175 per share or a total dividend of approximately Baht 70 million. The Company will further propose this dividend payment for approval to the Annual General Meeting of the shareholders.

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 16 February 2023.

