

S P V I Public Company Limited
Report and financial statements
31 December 2021



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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 2021, 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 2021, 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 as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. 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.



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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.



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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.



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- 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: 17 February 2022

S P V I Public Company Limited
 Statement of financial position
 As at 31 December 2021

		(Unit: Baht)	
	Note	<u>2021</u>	<u>2020</u>
Assets			
Current assets			
Cash and cash equivalents	7	99,443,075	44,968,304
Trade and other receivables	6, 8	76,546,471	67,645,095
Inventories	9	324,716,489	455,453,939
Other current assets	10	10,760,051	22,173,187
Total current assets		<u>511,466,086</u>	<u>590,240,525</u>
Non-current assets			
Equipment	11	74,276,641	56,772,521
Right-of-use assets	16	145,591,509	162,841,343
Intangible assets	12	22,143,205	18,694,807
Other non-current assets	13	24,412,212	22,508,549
Deferred tax assets	21	13,895,058	13,096,885
Total non-current assets		<u>280,318,625</u>	<u>273,914,105</u>
Total assets		<u><u>791,784,711</u></u>	<u><u>864,154,630</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 2021

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loan from financial institution	14	-	122,000,000
Trade and other payables	6, 15	116,632,114	135,669,787
Dividend payable		80,354	69,260
Current portion of long-term lease liabilities	16	50,783,963	41,889,368
Income tax payable		13,104,798	9,720,927
Other current liabilities		1,956,073	1,362,633
Total current liabilities		<u>182,557,302</u>	<u>310,711,975</u>
Non-current liabilities			
Long-term lease liabilities - net of current portion	16	97,590,968	121,518,553
Provision for long-term employee benefits	17	19,584,236	19,649,365
Total non-current liabilities		<u>117,175,204</u>	<u>141,167,918</u>
Total liabilities		<u>299,732,506</u>	<u>451,879,893</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		232,242,613	152,465,145
Total shareholders' equity		<u>492,052,205</u>	<u>412,274,737</u>
Total liabilities and shareholders' equity		<u>791,784,711</u>	<u>864,154,630</u>

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





Directors



S P V I Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2021

(Unit: Baht)

	Note	2021	2020
Profit or loss			
Revenues			
Sales		5,510,491,695	3,577,899,083
Service income		25,300,174	19,162,667
Other income	19	<u>37,467,060</u>	<u>37,907,917</u>
Total revenues		<u>5,573,258,929</u>	<u>3,634,969,667</u>
Expenses			
Cost of sales		4,990,686,436	3,198,628,377
Cost of services		8,083,717	3,909,500
Selling and distribution expenses		323,320,212	257,171,720
Administrative expenses		<u>85,923,533</u>	<u>77,518,080</u>
Total expenses		<u>5,408,013,898</u>	<u>3,537,227,677</u>
Operating profit		165,245,031	97,741,990
Finance cost		<u>(8,566,089)</u>	<u>(6,819,001)</u>
Profit before income tax expenses		156,678,942	90,922,989
Income tax expenses	21	<u>(31,117,303)</u>	<u>(17,621,796)</u>
Profit for the year		<u>125,561,639</u>	<u>73,301,193</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial loss		(2,231,149)	-
Less: Income tax effect	21	<u>446,230</u>	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(1,784,919)</u>	-
Other comprehensive income for the year		<u>(1,784,919)</u>	-
Total comprehensive income for the year		<u>123,776,720</u>	<u>73,301,193</u>
Basic earnings per share	22		
Profit		<u>0.31</u>	<u>0.18</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 2021

(Unit: Baht)

	Note	Issued and	Share	Retained earnings		Total
		paid up		premium	Appropriated	
		share capital				
Balance as at 1 January 2020		200,000,000	39,809,592	18,334,917	120,828,355	378,972,864
Profit for the year		-	-	-	73,301,193	73,301,193
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	73,301,193	73,301,193
Dividend paid	25	-	-	-	(39,999,320)	(39,999,320)
Unappropriated retained earnings transferred to statutory reserve	18	-	-	1,665,083	(1,665,083)	-
Balance as at 31 December 2020		<u>200,000,000</u>	<u>39,809,592</u>	<u>20,000,000</u>	<u>152,465,145</u>	<u>412,274,737</u>
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	25	-	-	-	(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>

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 2021

	<u>2021</u>	<u>2020</u>
		(Unit: Baht)
Cash flows from operating activities		
Profit before tax	156,678,942	90,922,989
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	76,880,681	74,467,707
Allowance for expected credit losses (reversal)	(628,587)	1,188,228
Reduction of inventory to net realisable value	2,394,231	10,494,192
Loss (gain) on disposal of equipment	(418,949)	708,498
Reversal of allowance for impairment of equipment	-	(822,279)
Reversal of allowance for impairment loss of deposits of lease agreement	-	(761,000)
Provision for long-term employee benefits	2,021,869	2,188,152
Gain on disposal of investments in open-end fund	-	(335,768)
Unrealised loss on exchange	-	79
Interest income	(68,789)	(607,614)
Interest expenses	7,073,407	6,588,265
Reduction in lease payments by lessors	(8,471,921)	(9,515,272)
Gain on lease modification	(899,600)	-
Profit from operating activities before changes in operating assets and liabilities	234,561,284	174,516,177
Operating assets (increase) decrease:		
Trade and other receivables	(8,272,789)	(12,915,145)
Inventories	125,159,217	(76,160,611)
Other current assets	11,413,136	(9,242,771)
Other non-current assets	(1,903,663)	48,512
Operating liabilities increase (decrease):		
Trade and other payables	(24,499,527)	(182,773,449)
Other current liabilities	593,440	496,120
Provision for long-term employee benefits	(4,318,147)	(5,638,594)
Cash flows from (used in) operating activities	332,732,951	(111,669,761)
Cash received from interest income	68,789	607,614
Refund of withholding tax deducted of source	-	889,368
Cash paid for income tax	(28,085,375)	(19,260,933)
Net cash flows from (used in) operating activities	<u>304,716,365</u>	<u>(129,433,712)</u>

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



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S P V I Public Company Limited
Cash flow statement (continued)
For the year ended 31 December 2021

	<u>2021</u>	<u>2020</u>
		(Unit: Baht)
Cash flows from investing activities		
Decrease in other current financial assets	-	122,613,178
Decrease in other non-current financial assets	-	10,000,000
Proceeds from sales of equipment	474,552	114,019
Acquisitions of equipment	(31,664,778)	(31,369,417)
Increase in intangible assets	(8,556,733)	(7,116,305)
Cash paid for right-of-use assets	(2,638,000)	(2,365,554)
Net cash flows from (used in) investing activities	<u>(42,384,959)</u>	<u>91,875,921</u>
Cash flows from financing activities		
Increase in short-term loans from financial institution	809,405,784	500,000,000
Repayment of short-term loans from financial institution	(931,405,784)	(378,000,000)
Dividend paid	(43,988,158)	(39,993,389)
Payment of principal portion of lease liabilities	(35,653,118)	(30,926,176)
Cash paid for interest expenses	(6,215,359)	(5,459,231)
Net cash flows from (used in) financing activities	<u>(207,856,635)</u>	<u>45,621,204</u>
Net increase in cash and cash equivalents	54,474,771	8,063,413
Cash and cash equivalents at beginning of year	44,968,304	36,904,891
Cash and cash equivalents at end of year	<u>99,443,075</u>	<u>44,968,304</u>

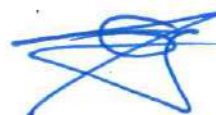
Supplemental cash flows information:

Non-cash related transaction

Payable for purchase of equipment	4,182,321	124,940
Payable for purchase of intangible asset	2,550,000	1,050,000
Additions to right-of-use assets and lease liabilities	43,791,082	77,418,222
Transfer inventory to equipment	3,184,002	1,719,875

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 2021

1. General information

1.1 Company 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 2021, the Company operates 66 branches (31 December 2019: 57 branches).

1.2 COVID-19 Pandemic

A new wave of the COVID-19 pandemic has slowed down the economic recovery, adversely impacting most businesses and industries. In addition, the government enacted several protective measures against the situation such as the order to temporarily shut down operating facilities or reduce operating hours. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

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 2021. 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.

Furthermore, the Company elected to adopt the amendments to TFRS 16 Leases relating to COVID-19-related rent concessions. These amendments provide a practical expedient that permits a lessee to not assess whether rent concessions are lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions are met, i.e., the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2022; and there is no substantive change to other terms and conditions of the lease.

The Company applies the practical expedient to all rent concessions that meet the above conditions and the effects of the application of this expedient, due to resulting changes in payments under leases are recognised in profit or loss for the year ended 31 December 2021, amounting to Baht 8.5 million (2020: Baht 9.5 million). There was no impact on the opening balance of retained earnings.



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3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

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 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, for some standards, providing temporary reliefs or temporary exemptions for users.

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.



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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.



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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.

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 - 1 - 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.

 
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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.

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.

Recognition and derecognition of financial instruments

Regular way purchases and sales of financial assets are recognised or derecognised on derecognised on the settlement date, i.e., the date on which an asset is delivered to or by the Company.

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).



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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

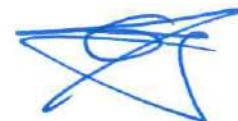
Determining the lease term with extension and termination options - The Company as a lessee

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.

  
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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.

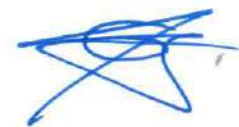
6. Related party transactions

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>2021</u>	<u>2020</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	2	Approximately market price
Dividends	13	12	At the declared rate
<u>Transactions with related companies</u>			
Sales of goods	70	1	Market price
Purchases of goods	6	2	Market price
Purchase of fixed assets	1	-	Market price
Service expenses	5	6	Prices agreed by the parties
Logistics and distribution fee	8	8	Prices agreed by the parties



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As at 31 December 2021 and 2020, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<u>Trade and other receivables - related parties (Note 8)</u>		
Related companies (related by common shareholders and common directors)	5,800	125
Total trade and other receivables - related parties	<u>5,800</u>	<u>125</u>
<u>Trade and other payables - related parties (Note 15)</u>		
Major shareholder	239	-
Related companies (related by common shareholders and common directors)	6,444	2,227
Total trade and other payables - related parties	<u>6,683</u>	<u>2,227</u>

Directors and management's benefits


During the years ended 31 December 2021 and 2020, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	28.6	23.8
Post-employment benefits	1.0	1.3
Total	<u>29.6</u>	<u>25.1</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Cash	4,417	5,529
Bank deposits	95,026	39,439
Total	<u>99,443</u>	<u>44,968</u>

As at 31 December 2021, bank deposits in savings accounts and fixed deposits carried interests between 0.05 and 0.25 percent per annum (2020: between 0.05 and 0.25 percent per annum).


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8. Trade and other receivables

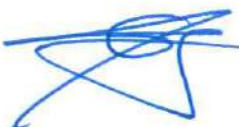
	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	5,749	111
Past due		
Up to 3 months	51	14
Total trade receivables - related parties	<u>5,800</u>	<u>125</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	54,054	54,781
Past due		
Up to 3 months	12,329	9,331
Over 3 - 6 months	4	-
Over 12 months	598	611
Total	<u>66,985</u>	<u>64,723</u>
Less: Allowance for expected credit losses	<u>(598)</u>	<u>(1,226)</u>
Total trade receivables - unrelated parties, net	<u>66,387</u>	<u>63,497</u>
Total trade receivable - net	<u>72,187</u>	<u>63,622</u>
<u>Other receivables</u>		
Other receivables - unrelated parties	<u>4,359</u>	<u>4,023</u>
Total other receivables	<u>4,359</u>	<u>4,023</u>
Total trade and other receivables - net	<u>76,546</u>	<u>67,645</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>2021</u>	<u>2020</u>
Beginning balance	1,226	38
Provision for expected credit losses	<u>(628)</u>	<u>1,188</u>
Ending balance	<u>598</u>	<u>1,226</u>



9. Inventories

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Finished goods	364,193	492,537
Less: Reduce cost to net realisable value	(39,477)	(37,083)
Inventories - net	<u>324,716</u>	<u>455,454</u>


During the current year, the Company reduced cost of inventories by Baht 2.4 million, to reflect the net realisable value. This was presented as cost of sales. (2020: Baht 10.5 million).

10. Other current assets

The outstanding balance of other current assets as at 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Input tax and value added tax refundable	5,819	18,639
Advance payments for purchase of goods	494	193
Others	4,447	3,341
Total other current liabilities	<u>10,760</u>	<u>22,173</u>



11. Equipment

(Unit: Thousand Baht)

	Leasehold improvement	Computer	Office equipment	Furniture and fixtures	Motor vehicles	Assets under installation	Total
Cost:							
1 January 2020	2,000	14,897	32,844	68,238	845	1,983	120,807
Additions	-	200	3,510	2,455	686	24,643	31,494
Disposals and write-off	-	-	(66)	(3,108)	(353)	-	(3,527)
Transfers in (out)	-	1,671	5,647	20,745	-	(26,343)	1,720
31 December 2020	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
Accumulated depreciation:							
1 January 2020	2,000	11,351	18,467	45,142	845	-	77,805
Depreciation for the year	-	2,123	6,061	10,367	69	-	18,620
Depreciation on disposals and write-off	-	-	(66)	(2,285)	(353)	-	(2,704)
31 December 2020	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
Allowance for impairment loss:							
1 January 2020	-	-	-	823	-	-	823
Decrease during the year	-	-	-	(823)	-	-	(823)
31 December 2020	-	-	-	-	-	-	-
31 December 2021	-	-	-	-	-	-	-
Net book value:							
31 December 2020	-	3,294	17,473	35,106	617	283	56,773
31 December 2021	-	4,548	22,768	46,481	480	-	74,277
Depreciation for the year:							
2020 (Baht 16.9 million included in selling expenses, and the balance in administrative expenses)							18,620
2021 (Baht 19.6 million included in selling expenses, and the balance in administrative expenses)							21,346

As at 31 December 2021, 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 66 million (2020: Baht 58 million).

12. Intangible assets


The net book value of intangible assets, as at 31 December 2021 and 2020 is presented below.

	(Unit: Thousand Baht)		
	Franchise fee	Computer software	Total
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>
As at 31 December 2020			
Cost	28,785	19,476	48,261
Less: Accumulated amortisation	(13,516)	(16,050)	(29,566)
Net book value	<u>15,269</u>	<u>3,426</u>	<u>18,695</u>

A reconciliation of the net book value of intangible assets for the years 2021 and 2020 is presented below.

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Net book value at beginning of year	18,695	18,147
Acquisition of computer software	5,798	1,151
Increase of franchise fee	4,259	7,015
Amortisation for the year	(6,609)	(7,618)
Net book value at end of year	<u>22,143</u>	<u>18,695</u>



13. Other non-current assets

The outstanding balance of other non-current assets as at 31 December 2021 and 2020 are deposits.

14. Short-term loans from financial institution

(Unit: Thousand Baht)

	Interest rate (percent per annum)	<u>2021</u>	<u>2020</u>
Promissory note	2.97	-	50,000
Short-term loans	2.97	-	72,000
Total		-	122,000

As at 31 December 2021, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 450 million (2020: Baht 78 million).

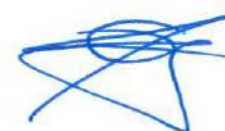
15. Trade and other payables

(Unit: Thousand Baht)

	<u>2021</u>	<u>2020</u>
Trade payables - related parties	2,684	843
Trade payables - unrelated parties	75,901	108,813
Other payables - related parties	3,299	-
Other payables - unrelated parties	8,783	6,801
Accrued expenses - related parties	700	1,384
Accrued expenses - unrelated parties	25,265	17,829
Total trade and other payables	116,632	135,670



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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 1 - 11 years.

a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Balance at beginning of year	162,841	131,285
Additions	2,638	2,365
Increase	43,791	77,418
Reduction in lease modification	(14,753)	-
Depreciation for the year	(48,925)	(48,277)
Balance at end of year	<u>145,592</u>	<u>162,841</u>

b) Lease liabilities

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Lease payments	157,774	177,073
Less: Deferred interest expenses	(9,399)	(13,665)
Total	<u>148,375</u>	<u>163,408</u>
Less: Portion due within one year	(50,784)	(41,889)
Lease liabilities - net of current portion	<u>97,591</u>	<u>121,519</u>

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Movements of the lease liability account during the years ended 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Balance at beginning of year	163,408	125,398
Additions	43,791	77,418
Accretion of interest	5,834	5,966
Repayments	(40,534)	(35,859)
Reduction in lease payment by lessors	(8,471)	(9,515)
Reduction in lease modification	(15,653)	-
Balance at end of year	<u>148,375</u>	<u>163,408</u>

A maturity analysis of lease payments is disclosed in Note 27 under the liquidity risk.

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

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Depreciation expense of right-of-use assets	48,925	48,227
Interest expense on lease liabilities	4,881	4,932
Expense relating to leases of low-value assets	248	184

d) Others

The Company had total cash outflows for leases for the year ended 31 December 2021 of Baht 40.8 million (2020: Baht 36.0 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>2021</u>	<u>2020</u>
Provision for long-term employee benefits at beginning of year	19,649	23,100
Included in profit or loss:		
Current service cost	1,688	1,881
Interest cost	334	369
Gain on settlement	-	(62)
Included in other comprehensive income:		
Actuarial loss arising from		
Financial assumptions changes	2,231	-
Benefits paid during the year	<u>(4,318)</u>	<u>(5,639)</u>
Provision for long-term employee benefits at end of year	<u>19,584</u>	<u>19,649</u>

The Company does not expect to pay of long-term employee benefits during the next year (2020: Baht 4.3 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 16 years (2020: 11 years).

Significant actuarial assumptions are summarised below:

	<u>2021</u>	<u>2020</u>
	(% per annum)	(% per annum)
Discount rate	2.40	1.79
Salary increase rate	4.00 - 7.00	4.00 - 7.00
Turnover rate	0.00 - 40.00	0.00 - 50.00






The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

	(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

	(Unit: Million Baht)	
	As at 31 December 2020	
	Increase 1%	Decrease 1%
Discount rate	(1.6)	1.8
Salary increase rate	2.2	(1.9)
	Increase 20%	Decrease 20%
Turnover rate	(1.8)	2.4

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.

During the year 2020, the Company set aside an additional statutory reserve of its net profit for 2020 of Baht 1.7 million.





19. Other income

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Selling support income	27,541	27,179
Selling promotion income	6,464	8,111
Gain on lease modification	900	-
Gain on disposal of equipment	419	-
Commission income	223	280
Interest income	69	608
Gain on disposal of investments in open-end fund	-	336
Others	1,851	1,394
Total	37,467	37,908

20. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Purchase of finished goods	4,879,899	3,259,922
Salaries and wages and other employee benefits	198,283	170,627
Change in inventories of finished goods	128,344	(74,441)
Depreciation and amortisation	69,362	65,986
Credit card fee	58,462	44,130
Sales fee	22,089	2,422
Rental and service center expenses from operating lease agreements	15,968	15,227
Logistics and distribution fee	8,311	7,517
Utilities expenses	6,484	5,640
Office supply expenses	5,119	2,900
Loss on write-off of assets	-	708


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21. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Current income tax:		
Current income tax charge	31,469	20,457
Deferred tax:		
Relating to origination and reversal of temporary differences	(352)	(2,835)
Income tax expense reported in profit or loss	<u>31,117</u>	<u>17,622</u>

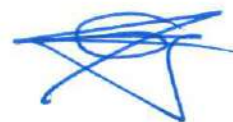
The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Deferred tax relating to actuarial loss	(446)	-

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

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Accounting profit before tax	156,679	90,923
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	31,336	18,185
Effects of:		
Non-deductible expenses	129	294
Additional expense deductions allowed	(348)	(857)
Total	(219)	(563)
Income tax expenses reported in profit or loss	<u>31,117</u>	<u>17,622</u>



The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position	
	<u>2021</u>	<u>2020</u>
Deferred tax assets		
Allowance for diminution in value of inventories	7,895	7,417
Provision for long-term employee benefits	3,917	3,930
Lease	1,963	1,505
Allowance for expected credit losses	120	245
Total deferred tax assets	<u>13,895</u>	<u>13,097</u>

22. 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.

23. 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.





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24. 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 2021 amounting to approximately Baht 3.4 million (2020: Baht 3.1 million) were recognised as expenses.

25. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
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		
2020				
Interim dividends for 2019	Board of Directors' meeting on 30 March 2020	40	0.10	22 April 2020
Total for 2020		40		

26. Commitments and contingent liabilities

26.1 Capital commitments

As at 31 December 2021, the Company had capital commitments of approximately Baht 2.9 million (2020: Nil), relating to the contract for website development project.

26.2 Lease and service commitments

26.2.1 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.





26.2.2 The Company has entered into several contracts in respect of lease of the low value assets 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 2021, the Company has future minimum payments as follows.

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Payable within:		
Less than 1 year	20.3	17.6
In over 1 and up to 5 years	12.9	12.2

26.3 Guarantees

As at 31 December 2021, there were outstanding bank guarantees of approximately Baht 99.6 million (2020: Baht 87.2 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.

27. Financial instruments

27.1 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 2021 and 2020, 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.

  
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As at 31 December 2021 and 2020, 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 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	

(Unit: Million Baht)

	As at 31 December 2020					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	-	-	37	8	45	0.05 - 0.25
Trade and other receivables	-	-	-	68	68	-
	-	-	37	76	113	
Financial liabilities						
Short-term loans from financial institution	-	-	122	-	122	2.97
Trade and other payables	-	-	-	136	136	-
Lease liabilities	42	121	-	-	163	3.00 - 4.25
	42	121	122	136	421	

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 2021 and 2020 based on contractual undiscounted cash flows:

(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

(Unit: Thousand Baht)

As at 31 December 2020

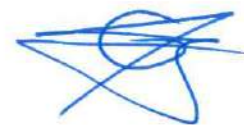
	Less than 1 year	1 - 5 years	Total
Short-term loans from financial institutions	122,000	-	122,000
Trade and other payables	135,670	-	135,670
Lease liabilities	47,590	129,483	177,073
Total	305,260	129,483	434,743

27.2 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.



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28. 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 2021, the Company's debt-to-equity ratio was 0.61:1 (2020: 1.10:1).

29. Event after the reporting period

On 17 February 2022, the meeting of the Company's Board of Directors No.1/2022 passed a resolution approving the dividend payment for the year 2021 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.

30. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 17 February 2022.



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