**S P V I Public Company Limited**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 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 30 September 2021, the Company operates 64 branches (31 December 2020: 57 branches).

**1.2 COVID-19 Pandemic**

The COVID-19 pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have impact on the environment in which the Company operators. 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.

**1.3 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

**1.4 New financial reporting standards**

### **a) Financial reporting standards that became effective in the current period**

During the period, 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 three-month period and nine-month periods ended 30 September 2021, amounting to Baht 4.4 million and Baht 7.6 million, respectively. There was no impact on the opening balance of retained earnings.

### **b) 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.

**2. Significant accounting policies**

 The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2020.

**3. Related party transactions**

 During the periods, 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 based agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | For the three-month periods  |  |
|  | ended 30 September  | Pricing policy |
|  | 2021 | 2020 |  |
| **Transactions with major shareholder** **(IT City Public Company Limited)** |  |  |
| Purchases of goods  | 41 | 390 | Approximate market price |
| Purchases of fixed assets  | 86 | 19 | Market price |
| Service expenses | 2 | - | Prices agreed by the parties |
| **Transactions with related parties** |  |  |  |
| Sales of goods  | 30,956 | 63 | Market price |
| Purchases of goods  | 331 | 586 | Market price |
| Service expenses | 1,265 | 1,743 | Prices agreed by the parties |
| Logistics and distribution fee | 2,002 | 1,905 | Prices agreed by the parties |

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | For the nine-month periods  |  |
|  | ended 30 September  | Pricing policy |
|  | 2021 | 2020 |  |
| **Transactions with major shareholder** **(IT City Public Company Limited)** |  |  |
| Sales of goods | 1,140 | - | Market price |
| Purchases of goods  | 845 | 733 | Approximate market price |
| Purchases of fixed assets  | 163 | 25 | Market price |
| Service expenses | 10 | - | Prices agreed by the parties |
| Dividend paid | 12,760 | 11,600 | At the declared rate |
| **Transactions with related parties** |  |  |  |
| Sales of goods  | 42,782 | 269 | Market price |
| Purchases of goods  | 3,324 | 1,837 | Market price |
| Service expenses | 3,876 | 4,292 | Prices agreed by the parties |
| Logistics and distribution fee | 6,129 | 5,241 | Prices agreed by the parties |

 The balances of the accounts as at 30 September 2021 and 31 December 2020 between the Company and those related companies are as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2021 | 31 December 2020 |
| **Trade and other receivables - related parties (Note 5)** |  |  |
| Related companies (related by common shareholders and common directors) | 6,793 | 125 |
| Total trade and other receivables - related parties | 6,793 | 125 |
| **Trade and other payables - related parties (Note 11)** |  |  |
| Major shareholders | 441 | - |
| Related companies (related by common shareholders and common directors) | 2,577 | 2,227 |
| Total trade and other payables - related parties | 3,018 | 2,227 |

Directors and management’s benefits

During the three-month and nine-month periods ended 30 September 2021 and 2020, the Company had employee benefit expenses of their directors and management as below.

|  |  |  |
| --- | --- | --- |
|  |  | (Unit: Million Baht) |
|  | For the three-month periods ended 30 September | For the nine-month periods ended 30 September |
|  | 2021 | 2020 | 2021 | 2020 |
| Short-term employee benefits | 5.7 | 5.2 | 17.6 | 15.3 |
| Post-employment benefits | 0.2 | 0.3 | 0.8 | 1.0 |
| Total | 5.9 | 5.5 | 18.4 | 16.3 |

**4. Cash and cash equivalents**

|  |  |
| --- | --- |
|  | (Unit: Thousand Baht) |
|  | 30 September | 31 December |
|  | 2021 | 2020 |
| Cash | 1,827 | 5,529 |
| Bank deposits  | 163,011 | 39,439 |
| Total | 164,838 | 44,968 |

 As at 30 September 2021, bank deposits in savings accounts and fixed deposits carried interests between 0.05 and 0.25 percent per annum (31 December 2020: between 0.05 and 0.25 percent per annum).

**5. Trade and other receivables**

|  | (Unit: Thousand Baht) |
| --- | --- |
|  | 30 September 2021 | 31 December 2020 |
| Trade receivables - related parties |  |  |
| Aged on the basis of due dates |  |  |
| Not yet due | 6,793 | 111 |
| Past due |  |  |
|  Up to 3 months | - | 14 |
| Total trade receivables - related parties | 6,793 | 125 |
| Trade receivables - unrelated parties |  |  |
| Aged on the basis of due dates |  |  |
| Not yet due | 32,174 | 54,781 |
| Past due |  |  |
|  Up to 3 months | 6,912 | 9,331 |
|  Over 12 months | 598 | 611 |
| Total | 39,684 | 64,723 |
| Less: Allowance for expected credit losses  | (598) | (1,226) |
| Total trade receivables - unrelated parties, net | 39,086 | 63,497 |
| Total trade receivable - net | 45,879 | 63,622 |
| Other receivables |  |  |
| Other receivables - unrelated parties | 3,905 | 4,023 |
| Total other receivables | 3,905 | 4,023 |
| Total trade and other receivables - net | 49,784 | 67,645 |

**6. Reduction of inventories to net realisable value**

Movements in the reduction of inventories to net realisable value account during the nine-month period ended 30 September 2021 are summarised below.

(Unit: Thousand Baht)

|  |  |
| --- | --- |
| Balance as at 1 January 2021 | 37,083 |
| Add: Reduction of inventory value during the period | 11,939 |
| Balance as at 30 September 2021 | 49,022 |

**7. Other current assets**

 The outstanding balance of other current assets as at 30 September 2021 and 31 December 2020 are as follows:

 (Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2021 | 31 December 2020 |
| Input tax and value added tax refundable | 4,172 | 18,639 |
| Advance payments for purchase of goods | 3,898 | 193 |
| Others | 3,924 | 3,341 |
| Total other current assets | 11,994 | 22,173 |

**8. Equipment**

Movements of equipment account during the nine-month period ended 30 September 2021 are summarised below.

(Unit: Thousand Baht)

|  |  |
| --- | --- |
| **Net book value as at 1 January 2021** | 56,773 |
| Acquisitions during the period - at cost | 31,847 |
| Transfer from inventory  | 1,972 |
| Disposals and write-off during the period - net book value as at disposal/write-off date | (24) |
| Depreciation for the period | (15,483) |
| **Net book value as at 30 September 2021** | 75,085 |

**9. Right-of-use assets**

 Movement of right-of-use assets account during the nine-month period ended 30 September 2021 are summarised below:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
| **Net book value as at 1 January 2021** |  | 162,841 |
| Addition during the period |  | 18,218 |
| Reduction in lease modification |  | (12,103) |
| Reduction in lease payment by lessors |  | (6,767) |
| Depreciation for the period |  | (29,653) |
| **Net book value as at 30 September 2021** |  | 132,536 |

**10. Short-term loans from financial institutions**

(Unit: Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Interest rate | 30 September  | 31 December |
|  |  (percent per annum) | 2021 | 2020 |
| Promissory notes | 2.97 | - | 50,000 |
| Short-term loan | 2.97 | - | 72,000 |
| Total |  | - | 122,000 |

In 2021, the Company has fully repaid the principal and interest of short-term loans. As at 30 September 2021, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 400 million (31 December 2020: Baht 78 million).

**11. Trade and other payables**

|  |  |
| --- | --- |
|   | (Unit: Thousand Baht) |
|  | 30 September  | 31 December |
|  | 2021 | 2020 |
| Trade payables - related parties | 538 | 843 |
| Trade payables - unrelated parties | 140,067 | 108,813 |
| Other payables - related parties | 1,780 | - |
| Other payables - unrelated parties | 14,293 | 6,801 |
| Accrued expenses - related parties | 700 | 1,384 |
| Accrued expenses - unrelated parties | 19,242 | 17,829 |
| Total trade and other payables  | 176,620 | 135,670 |

**12. Other income**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | (Unit: Thousand Baht) |
|  | For the three-month periods ended 30 September | For the nine-month periods ended 30 September |
|  | 2021 | 2020 | 2021 | 2020 |
| Selling support income | 6,145 | 6,351 | 20,495 | 21,512 |
| Selling promotion income | 1,246 | 2,993 | 3,779 | 5,197 |
| Commission income | 61 | 36 | 194 | 211 |
| Gain on disposal investments in open-end fund | - | 43 | - | 336 |
| Gain on lease modification | 309 | - | 309 | - |
| Interest income | - | 51 | 28 | 453 |
| Others | 1,069 | 218 | 1,266 | 752 |
| Total | 8,830 | 9,692 | 26,071 | 28,461 |

**13. Income tax**

 Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

 Income tax expenses for the three-month and nine-months periods ended 30 September 2021 and 2020 are made up as follows:

|  |  |
| --- | --- |
|   | (Unit: Thousand Baht) |
|  | For the three-month periods ended 30 September |
|  | 2021 | 2020 |
| **Current income tax:** |  |  |
| Interim corporate income tax charge | 5,509 | 2,667 |
| **Deferred tax:** |  |  |
| Relating to origination and reversal of temporary differences  | (1,633) | (912) |
| **Income tax income reported in the profit or loss** | 3,876 | 1,755 |

|  |  |
| --- | --- |
|   | (Unit: Thousand Baht) |
|  | For the nine-month periods ended 30 September |
|  | 2021 | 2020 |
| **Current income tax:** |  |  |
| Interim corporate income tax charge | 19,362 | 10,494 |
| **Deferred tax:** |  |  |
| Relating to origination and reversal of temporary differences  | (2,938) | (3,123) |
| **Income tax income reported in the profit or loss** | 16,424 | 7,371 |

**14. Basic earnings per share**

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

**15. Dividend**

 On 30 March 2020, the Board of Directors Meeting no. 2/2020 passed a resolution approving the payment of interim dividend in respect of income for the year 2019 of Baht 0.10 per share, or a totaling of Baht 40 million. The Company paid such dividend in April 2020.

 On 2 April 2021, the Annual General Meeting of Shareholders of the Company passed a resolution approving the payment of a dividend in respect of income for the year 2020 of Baht 0.11 per share, or a total of Baht 44 million. The Company paid such dividend in April 2021.

**16. Commitments and contingent liabilities**

**16.1 Capital commitments**

 As at 30 September 2021, the Company had capital commitments of approximately Baht 1.2 million (31 December 2020: Nil), relating to the contract for website development project.

**16.2 Lease and service commitments**

16.2.1 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.

16.2.2 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 30 September 2021 and 31 December 2020, future minimum payments were as follows:

(Unit: Million Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2021 | 31 December 2020 |
| Payable: |  |  |
| Within 1 year | 16.7 | 17.6 |
| In over 1 and up to 5 years | 17.0 | 12.2 |

**16.3 Guarantees**

 As at 30 September 2021, there were outstanding bank guarantees of approximately Baht 115.4 million (31 December 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.

**17. 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.

**18. Financial Instrument**

**18.1 Fair value of financial instrument**

Most of the Company’s financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value.

**19. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company’s Board of Directors on 4 November 2021.