**S P V I Public Company Limited**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2022**

**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 2022, the Company operates 79 branches (31 December 2021: 66 branches).

**1.2 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.

**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 2021.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Company’s financial statements.

**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 |
|  | 2022 | | 2021 |  |
| **Transactions with major shareholder**  **(IT City Public Company Limited)** | |  | |  |
| Purchases of goods | 274 | | 41 | Approximate market price |
| Purchases of fixed assets | 79 | | 86 | Market price |
| Service expenses | 4 | | 2 | Prices agreed by the parties |
| **Transactions with related parties** | |  |  |  |
| Sales of goods | 19,375 | | 30,956 | Market price |
| Purchases of goods | 286 | | 331 | Market price |
| Purchases of fixed assets | 3,411 | | - | Market price |
| Service expenses | 1,261 | | 1,265 | Prices agreed by the parties |
| Logistics and distribution fee | 2,287 | | 2,002 | Prices agreed by the parties |

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the nine-month periods | | |  |
|  | ended 30 September | | | Pricing policy |
|  | 2022 | | 2021 |  |
| **Transactions with major shareholder**  **(IT City Public Company Limited)** | |  | |  |
| Sales of goods | - | | 1,140 | Market price |
| Purchases of goods | 411 | | 845 | Approximate market price |
| Purchases of fixed assets | 79 | | 163 | Market price |
| Service expenses | 4 | | 10 | Prices agreed by the parties |
| Dividend paid | 20,300 | | 12,760 | At the declared rate |
| **Transactions with related parties** | |  |  |  |
| Sales of goods | 66,294 | | 42,782 | Market price |
| Purchases of goods | 1,955 | | 3,324 | Market price |
| Purchases of fixed assets | 7,528 | | - | Market price |
| Service expenses | 4,023 | | 3,876 | Prices agreed by the parties |
| Logistics and distribution fee | 6,615 | | 6,129 | Prices agreed by the parties |

The balances of the accounts as at 30 September 2022 and 31 December 2021 between the Company and those related companies are as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2022 | 31 December 2021 |
| **Trade and other receivables - related parties (Note 5)** |  |  |
| Related companies (related by common shareholders and common directors) | 1,438 | 5,800 |
| Total trade and other receivables - related parties | 1,438 | 5,800 |
| **Trade and other payables - related parties (Note 11)** |  |  |
| Major shareholders | 202 | 239 |
| Related companies (related by common shareholders and common directors) | 4,286 | 6,444 |
| Total trade and other payables - related parties | 4,488 | 6,683 |

Directors and management’s benefits

During the three-month and nine-month periods ended 30 September 2022 and 2021, 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 | |
|  | | 2022 | 2021 | 2022 | 2021 |
| Short-term employee benefits | | 5.7 | 5.7 | 18.6 | 17.6 |
| Post-employment benefits | | 0.2 | 0.2 | 0.7 | 0.8 |
| Total | | 5.9 | 5.9 | 19.3 | 18.4 |

**4. Cash and cash equivalents**

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | 30 September | 31 December |
|  | 2022 | 2021 |
| Cash | 4,286 | 4,417 |
| Bank deposits | 49,270 | 95,026 |
| Total | 53,556 | 99,443 |

As at 30 September 2022, bank deposits in savings accounts and fixed deposits carried interests between 0.05 and 0.25 percent per annum (31 December 2021: between 0.05 and 0.25 percent per annum).

**5. Trade and other receivables**

|  | (Unit: Thousand Baht) | |
| --- | --- | --- |
|  | 30 September 2022 | 31 December 2021 |
| Trade receivables - related parties |  |  |
| Aged on the basis of due dates |  |  |
| Not yet due | 1,328 | 5,749 |
| Past due |  |  |
| Up to 3 months | 110 | 51 |
| Total trade receivables - related parties | 1,438 | 5,800 |
| Trade receivables - unrelated parties |  |  |
| Aged on the basis of due dates |  |  |
| Not yet due | 68,269 | 54,054 |
| Past due |  |  |
| Up to 3 months | 7,315 | 12,329 |
| 3 - 6 months | 9 | 4 |
| 6 - 12 months | 1,075 | - |
| Over 12 months | - | 598 |
| Total | 76,668 | 66,985 |
| Less: Allowance for expected credit losses | (236) | (598) |
| Total trade receivables - unrelated parties, net | 76,432 | 66,387 |
| Total trade receivables - net | 77,870 | 72,187 |
| Other receivables |  |  |
| Other receivables - unrelated parties | 6,227 | 4,359 |
| Total other receivables | 6,227 | 4,359 |
| Total trade and other receivables - net | 84,097 | 76,546 |

**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 2022 are summarised below.

(Unit: Thousand Baht)

|  |  |
| --- | --- |
| Balance as at 1 January 2022 | 39,477 |
| Less: Reversal reduction of inventory value during the period | (4,500) |
| Balance as at 30 September 2022 | 34,977 |

**7. Other current assets**

The outstanding balance of other current assets as at 30 September 2022 and 31 December 2021 are as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2022 | 31 December 2021 |
| Input tax and value added tax refundable | 5,006 | 5,819 |
| Advance payments for purchase of goods | 1,771 | 494 |
| Others | 2,532 | 4,447 |
| Total other current assets | 9,309 | 10,760 |

**8. Equipment**

Movements of equipment account during the nine-month period ended 30 September 2022 are summarised below.

(Unit: Thousand Baht)

|  |  |
| --- | --- |
| **Net book value as at 1 January 2022** | 74,277 |
| Acquisitions during the period - at cost | 25,413 |
| Transfer from inventory | 2,248 |
| Disposals and write-off during the period - net book value as at disposals and write-off date | (22) |
| Depreciation for the period | (19,531) |
| **Net book value as at 30 September 2022** | 82,385 |

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

Movement of right-of-use assets account during the nine-month period ended 30 September 2022 are summarised below:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
| **Net book value as at 1 January 2022** |  | 145,592 |
| Additions |  | 2,272 |
| Addition during the period |  | 39,526 |
| Addition from leasehold right during the period |  | 200 |
| Reduction in lease modification |  | (131) |
| Reduction from lease reassessment |  | (583) |
| Depreciation for the period |  | (44,413) |
| **Net book value as at 30 September 2022** |  | 142,463 |

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | | (Unit: Thousand Baht) | |
|  | Interest rate | 30 September | 31 December |
|  | (Percent per annum) | 2022 | 2021 |
| Promissory notes | 2.97 | 83,300 | - |
| Total | | 83,300 | - |

As at 30 September 2022, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 567 million (31 December 2021: Baht 450 million).

**11. Trade and other payables**

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | 30 September | 31 December |
|  | 2022 | 2021 |
| Trade payables - related parties | 466 | 2,684 |
| Trade payables - unrelated parties | 49,612 | 75,901 |
| Other payables - related parties | 3,222 | 3,299 |
| Other payables - unrelated parties | 12,830 | 8,783 |
| Accrued expenses - related parties | 800 | 700 |
| Accrued expenses - unrelated parties | 20,423 | 25,265 |
| Total trade and other payables | 87,353 | 116,632 |

**12. Other income**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | | (Unit: Thousand Baht) | |
|  | | For the three-month periods ended 30 September | | For the nine-month periods ended 30 September | |
|  | | 2022 | 2021 | 2022 | 2021 |
| Selling support income | | 7,469 | 6,145 | 21,353 | 20,495 |
| Selling promotion income | | 2,830 | 1,246 | 9,486 | 3,779 |
| Commission income | | 5 | 61 | 57 | 194 |
| Gain on lease modification | | - | 309 | 397 | 309 |
| Interest income | | - | - | 31 | 28 |
| Others | | 3,516 | 1,069 | 4,914 | 1,266 |
| Total | | 13,820 | 8,830 | 36,238 | 26,071 |

**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-month periods ended 30 September 2022 and 2021 are made up as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | For the three-month periods ended 30 September | |
|  | 2022 | 2021 |
| **Current income tax:** |  |  |
| Interim corporate income tax charge | 7,349 | 5,509 |
| **Deferred tax:** |  |  |
| Relating to origination and reversal of temporary differences | (76) | (1,633) |
| **Income tax income reported in the profit or loss** | 7,273 | 3,876 |

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | For the nine-month periods ended 30 September | |
|  | 2022 | 2021 |
| **Current income tax:** |  |  |
| Interim corporate income tax charge | 20,341 | 19,362 |
| **Deferred tax:** |  |  |
| Relating to origination and reversal of temporary differences | 308 | (2,938) |
| **Income tax income reported in the profit or loss** | 20,649 | 16,424 |

**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 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.

On 4 April 2022, 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 2021 of Baht 0.175 per share, or a total of Baht 70 million. The Company paid such dividend in April 2022.

**16. Commitments and contingent liabilities**

**16.1 Capital commitments**

As at 30 September 2022, the Company had capital commitments of approximately Baht 6.5 million (31 December 2021: Baht 2.9 million), relating to the contract for website development project and computer software.

**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 2022 and 31 December 2021, future minimum payments were as follows:

(Unit: Million Baht)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2022 | 31 December 2021 |
| Payable: |  |  |
| Within 1 year | 12.3 | 20.3 |
| In over 1 and up to 5 years | 9.6 | 12.9 |

**16.3 Guarantees**

As at 30 September 2022, there were outstanding bank guarantees of approximately Baht 160.6 million (31 December 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.

**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 3 November 2022.