**S P V I Public Company Limited**

**Notes to financial statements**

**For the year ended 31 December 2023**

**1. General information**

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

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

**2. Basis of preparation**

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

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

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

**3. New financial reporting standards**

**3.1 Financial reporting standards that became effective in the current year**

During the year, the Company has adopted the revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

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

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

**4. Significant accounting policies**

**4.1 Revenue and expenses recognition**

*Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after discounts.

*Rendering of services*

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

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

*Selling support income and selling promotion income*

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

*Interest income*

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

*Finance cost*

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

**4.2 Cash and cash equivalents**

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

**4.3 Inventories**

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

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

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

**4.4 Equipment/Depreciation**

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

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

Leasehold improvement - 5 years

Computer - 3 years

Office equipment - 5 years

Furniture and fixtures - 5 years

Motor vehicles - 5 years

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

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

**4.5 Intangible assets**

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

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

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

Useful lives

Computer software 5 years

Franchise fee Agreement term (5 - 7 years)

**4.6 Leases**

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**The Company as a lessee**

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

***Right-of-use assets***

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

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

Buildings - 2 - 15 years

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

***Lease liabilities***

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

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company’s incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

***Short-term leases and leases of low-value assets***

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

**4.7 Related party transactions**

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

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

**4.8 Foreign currencies**

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

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

Gain and losses on exchange are included in determining income.

**4.9 Impairment of non-financial assets**

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

An impairment loss is recognised in profit or loss.

**4.10 Employee benefits**

***Short-term employee benefits***

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

***Post-employment benefits***

*Defined contribution plans*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund’s assets are held in a separate trust fund and the Company’s contributions are recognised as expenses when incurred.

*Defined benefit plans*

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

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

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

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

**4.11 Provisions**

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

**4.12 Income Tax**

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

**Current tax**

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

**Deferred tax**

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

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

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

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

**4.13 Financial instruments**

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

**Classification and measurement of financial assets**

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

**Financial assets at amortised cost**

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

**Financial assets at FVTPL**

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

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

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

**Classification and measurement of financial liabilities**

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

**Regular way purchases and sales of financial assets**

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

**Derecognition of financial instruments**

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

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

**Impairment of financial assets**

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

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

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

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

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

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

**Offsetting of financial instruments**

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

**4.14 Fair value measurement**

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

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

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

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

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

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

**5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

**Leases**

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

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

***Estimating the incremental borrowing rate - The Company as a lessee***

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

**Allowance for expected credit losses of trade receivables**

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

**Allowance for diminution in value of inventory**

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

**Equipment/Depreciation**

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

In addition, the management is required to review equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

**Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**6. Related party transactions**

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

(Unit: Million Baht)

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

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

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2023 | 2022 |
| **Trade and other receivables - related parties (Note 8)** |  |  |
| Related companies (related by common shareholders and common directors) | 2,354 | 261 |
| Total trade and other receivables - related parties | 2,354 | 261 |
| **Trade and other payables - related parties (Note 15)** |  |  |
| Major shareholder | 53 | - |
| Related companies (related by common shareholders and common directors) | 2,690 | 1,662 |
| Total trade and other payables - related parties | 2,743 | 1,662 |

Directors and management’s benefits

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

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

**7. Cash and cash equivalents**

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

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

**8. Trade and other receivables**

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

The normal credit term is 30 days.

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

|  | (Unit: Thousand Baht) | |
| --- | --- | --- |
|  | 2023 | 2022 |
| Beginning balance | 235 | 598 |
| Reversal of provision for expected credit losses | (30) | (363) |
| Ending balance | 205 | 235 |

**9. Inventories**

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

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

**10. Other current assets**

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

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2023 | 2022 |
| Input tax and value added tax refundable | 15,791 | 14,821 |
| Advance payments for purchase of goods | 318 | 221 |
| Others | 5,871 | 3,843 |
| Total other current liabilities | 21,980 | 18,885 |

**11. Equipment**

(Unit: Thousand Baht)

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

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

**12. Intangible assets**

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

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

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

(Unit: Thousand Baht)

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

**13. Other non-current assets**

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

**14. Short-term loan from financial institution**

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

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

**15. Trade and other payables**

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

**16. Leases**

**The Company as a lessee**

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

1. **Right-of-use assets**

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

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

1. **Lease liabilities**

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

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

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

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

1. **Expenses relating to leases that are recognised in profit or loss**

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

1. **Others**

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

**17. Provision for long-term employee benefits**

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

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

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

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

Significant actuarial assumptions are summarised below:

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

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

(Unit: Million Baht)

|  |  |  |
| --- | --- | --- |
|  | 2023 | |
|  | Increase 1% | Decrease 1% |
| Discount rate | (2.1) | 2.5 |
| Salary increase rate | 2.9 | (2.5) |
|  |  |  |
|  | Increase 20% | Decrease 20% |
| Turnover rate | (2.2) | 2.9 |

(Unit: Million Baht)

|  |  |  |
| --- | --- | --- |
|  | 2022 | |
|  | Increase 1% | Decrease 1% |
| Discount rate | (2.1) | 2.4 |
| Salary increase rate | 2.6 | (2.2) |
|  |  |  |
|  | Increase 20% | Decrease 20% |
| Turnover rate | (1.9) | 2.5 |

**18. Statutory reserve**

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

**19. Revenue from contracts with customers**

**Disaggregated revenue information**

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

**20. Other income**

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2023 | 2022 |
| Selling support income | 28,213 | 30,915 |
| Selling promotion income | 10,152 | 14,938 |
| Gain on lease modification | 687 | 522 |
| Interest income | 301 | 85 |
| Commission income | 167 | 64 |
| Gain on exchange | 186 | - |
| Others | 2,316 | 2,709 |
| Total | 42,022 | 49,233 |

**21. Expenses by nature**

Significant expenses classified by nature are as follows:

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

**22. Income tax**

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

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

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

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | 2023 | 2022 |
| Deferred tax relating to actuarial gain | - | 307 |

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

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

The components of deferred tax assets are as follows:

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

**23. Earnings per share**

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

**24. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Managing Director.

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

*Major customers*

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

**25. Provident fund**

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

**26. Dividend**

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

**27. Commitments and contingent liabilities**

**27.1 Capital commitments**

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

**27.2 Lease and service commitments**

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

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

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

(Unit: Million Baht)

|  |  |  |
| --- | --- | --- |
|  | 2023 | 2022 |
| Payable within: |  |  |
| Less than 1 year | 11.5 | 11.8 |
| In over 1 and up to 5 years | 2.2 | 7.7 |

**27.3 Guarantees**

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

**28. Financial instruments**

**28.1 Financial risk management objectives and policies**

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

**Credit risk**

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

***Trade receivables***

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

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

***Financial instruments and cash deposits***

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

**Market risk**

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

***Foreign currency risk***

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

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

***Interest rate risk***

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

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

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

(Unit: Million Baht)

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

(Unit: Million Baht)

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

***Liquidity risk***

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

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

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

**28.2 Fair values of financial instruments**

Since the majority of the Company’s financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

**29. Capital management**

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

**30. Event after the reporting period**

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

**31. Approval of financial statements**

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