

IT City Public Company Limited and its subsidiary  
Report and consolidated financial statements  
31 December 2023

## **Independent Auditor's Report**

To the Shareholders of IT City Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of IT City Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of IT City Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IT City Public Company Limited and its subsidiary and of IT City Public Company Limited as at 31 December 2023, and their 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 Group in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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***

Revenues from sales and services are the accounting transactions that have significant volume of transactions and amounts, and directly affect profit or loss of the Group. The Group has numerous sales and services made by cash and credit cards through a large number of branches nationwide including online sales channel. In addition, because of the intensified competition in the computer and telecommunication equipment industry, the Group has to continually adapt its marketing strategies and promotional activities in order to boost sales. Furthermore, the Group receives rebates and sales promotions from its vendors. There are therefore risks with respect to the amount and timing of the recognition of revenue including rebates and sales promotions from the vendors. I have therefore focused on the revenue recognition of the Group.

I examined the revenue recognition of the Group by assessing and testing the Group's internal controls with respect to the revenue cycle by making enquires of responsible executives, gaining an understanding of controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select sale and service 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 Group issued after the end of the reporting period. I also performed analytical procedures on disaggregated data to detect possible irregularities in sale and service transactions throughout the period, particularly for accounting entries made through journal vouchers. Moreover, I applied a sampling method to select rebate and sale promotion transactions during the year to examine the recognition of the rebates and sale promotions granted by vendors against the supporting documents.

### ***Allowance for diminution in inventory value***

Computers, mobile phones and related accessories are technology products which are constantly developing. Any changes in technology could affect the value of inventories. Estimating the net realisable value of inventories, as disclosed in Note 5 and 9 to the financial statements, thus requires significant management judgement, particularly with regard to the estimation of allowance 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. There is risk with respect to the amount of provision set aside for diminution in the value of inventories.

I assessed and gained an understanding of the internal controls of the Group relevant to the determination of allowance for diminution in the value of inventories by making enquiries of responsible executives. In addition, I assessed the criteria used in determining such allowance 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.

### ***Goodwill and trademark with indefinite useful life***

I have focused my audit on the consideration of the impairment of goodwill and trademark with indefinite useful life arising from the business combination, as discussed in Note 15 and 16 to the financial statements, because the assessment of impairment of goodwill and trademark is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There is risk with respect to the value of goodwill and trademark.

For the consideration of the impairment of goodwill and trademark with indefinite useful life, I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Company and of the industry and tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rate. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill and trademark, as well as sensitivity of the impact of changes in key assumptions to the cash flow projections.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## **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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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.

Kamontip Lertwitworatep  
Certified Public Accountant (Thailand) No. 4377

EY Office Limited  
Bangkok: 20 February 2024



IT City Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	211,517,011	216,994,490	211,517,011	216,994,490
Trade and other receivables	6, 8	365,552,717	325,526,260	365,552,717	325,526,260
Current portion of finance lease receivables	14.2	5,373,049	4,782,903	5,373,049	4,782,903
Inventories	9	1,193,101,001	1,205,800,976	1,193,101,001	1,205,800,976
Withholding tax deducted at source		89,069,545	75,908,469	89,069,545	75,908,469
Other current assets		17,089,983	15,212,715	17,089,983	15,212,715
<b>Total current assets</b>		<b>1,881,703,306</b>	<b>1,844,225,813</b>	<b>1,881,703,306</b>	<b>1,844,225,813</b>
<b>Non-current assets</b>					
Finance lease receivables - net					
of current portion	14.2	2,300,534	4,486,945	2,300,534	4,486,945
Investment in subsidiary	10	-	-	89,067,005	89,067,005
Investments in associates	11	188,709,390	179,719,248	70,000,000	70,000,000
Investment properties	12	8,200,000	8,200,000	8,200,000	8,200,000
Property, plant and equipment	13	287,073,003	290,338,650	287,073,003	290,338,650
Right-of-use assets	14.1	723,783,056	999,936,140	723,783,056	999,936,140
Intangible assets	15	257,108,429	264,611,927	257,108,429	264,611,927
Goodwill	16	77,384,995	77,384,995	77,384,995	77,384,995
Deferred tax assets	24	18,220,270	22,788,466	18,220,270	22,788,466
Other non-current assets		271,741,463	263,895,718	271,741,463	263,895,718
<b>Total non-current assets</b>		<b>1,834,521,140</b>	<b>2,111,362,089</b>	<b>1,804,878,755</b>	<b>2,090,709,846</b>
<b>Total assets</b>		<b>3,716,224,446</b>	<b>3,955,587,902</b>	<b>3,686,582,061</b>	<b>3,934,935,659</b>

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

IT City Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2023

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	<u>Note</u>	<u>31 December 2023</u>	<u>31 December 2022</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	17	986,635,661	930,750,179	986,635,661	930,750,179
Trade and other payables	6, 18	733,048,376	803,824,587	830,861,348	901,637,559
Current portion of lease liabilities	14.1	315,633,291	375,495,754	315,633,291	375,495,754
Other current liabilities		<u>14,297,040</u>	<u>11,443,388</u>	<u>14,297,040</u>	<u>11,443,388</u>
<b>Total current liabilities</b>		<u>2,049,614,368</u>	<u>2,121,513,908</u>	<u>2,147,427,340</u>	<u>2,219,326,880</u>
<b>Non-current liabilities</b>					
Lease liabilities - net of current portion	14.1	428,559,924	647,285,530	428,559,924	647,285,530
Provision for decommissioning		20,456,214	19,246,668	20,456,214	19,246,668
Provision for long-term employee benefits	19	26,606,456	22,908,944	26,606,456	22,908,944
Deferred tax liabilities	24	42,512,000	42,512,000	42,512,000	42,512,000
Other non-current liabilities		<u>314,114</u>	<u>435,924</u>	<u>314,114</u>	<u>435,924</u>
<b>Total non-current liabilities</b>		<u>518,448,708</u>	<u>732,389,066</u>	<u>518,448,708</u>	<u>732,389,066</u>
<b>Total liabilities</b>		<u>2,568,063,076</u>	<u>2,853,902,974</u>	<u>2,665,876,048</u>	<u>2,951,715,946</u>
<b>Shareholders' equity</b>					
Share capital					
Registered					
366,398,859 ordinary shares of Baht 1 each		<u>366,398,859</u>	<u>366,398,859</u>	<u>366,398,859</u>	<u>366,398,859</u>
Issued and fully paid up					
366,398,859 ordinary shares of Baht 1 each		366,398,859	366,398,859	366,398,859	366,398,859
Share premium		488,384,650	488,384,650	488,384,650	488,384,650
Retained earnings					
Appropriated - statutory reserve	20	36,679,886	36,679,886	36,679,886	36,679,886
Unappropriated		<u>256,697,975</u>	<u>210,221,533</u>	<u>129,242,618</u>	<u>91,756,318</u>
<b>Total shareholders' equity</b>		<u>1,148,161,370</u>	<u>1,101,684,928</u>	<u>1,020,706,013</u>	<u>983,219,713</u>
<b>Total liabilities and shareholders' equity</b>		<u>3,716,224,446</u>	<u>3,955,587,902</u>	<u>3,686,582,061</u>	<u>3,934,935,659</u>

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

Directors

IT City Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
<b>Profit or loss</b>					
<b>Revenues</b>					
Revenue from contracts with customers	21	8,195,940,260	8,708,446,352	8,195,940,260	8,708,446,352
Dividend income	6, 11.2	-	-	21,740,000	20,300,000
Other income		5,779,274	11,829,294	5,779,274	11,829,294
<b>Total revenues</b>		<u>8,201,719,534</u>	<u>8,720,275,646</u>	<u>8,223,459,534</u>	<u>8,740,575,646</u>
<b>Expenses</b>	22				
Cost of sales and services		6,842,839,883	7,315,274,424	6,842,839,883	7,316,022,264
Selling and distribution expenses		985,784,206	1,034,313,065	985,784,206	1,034,313,065
Administrative expenses		286,094,252	334,380,485	286,094,252	334,380,485
<b>Total expenses</b>		<u>8,114,718,341</u>	<u>8,683,967,974</u>	<u>8,114,718,341</u>	<u>8,684,715,814</u>
<b>Operating profit</b>		87,001,193	36,307,672	108,741,193	55,859,832
Share of profit from investments in associates	11.2	30,730,142	39,548,928	-	-
Finance income		700,822	159,357	700,822	159,357
Finance cost	23	(65,317,755)	(60,505,822)	(65,317,755)	(60,505,822)
<b>Profit (loss) before income tax</b>		53,114,402	15,510,135	44,124,260	(4,486,633)
Income tax	24	(5,744,536)	3,705,051	(5,744,536)	3,705,051
<b>Profit (loss) for the year</b>		<u>47,369,866</u>	<u>19,215,186</u>	<u>38,379,724</u>	<u>(781,582)</u>
<b>Other comprehensive income</b>					
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial gain (loss)	19	(1,116,780)	485,499	(1,116,780)	485,499
Less: Income tax effect	24	223,356	(97,100)	223,356	(97,100)
Share of other comprehensive income from associates -					
Actuarial gain	11.2	-	355,567	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net					
of income tax		(893,424)	743,966	(893,424)	388,399
<b>Other comprehensive income for the year</b>		<u>(893,424)</u>	<u>743,966</u>	<u>(893,424)</u>	<u>388,399</u>
<b>Total comprehensive income for the year</b>		<u>46,476,442</u>	<u>19,959,152</u>	<u>37,486,300</u>	<u>(393,183)</u>

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

**IT City Public Company Limited and its subsidiary**  
**Statement of comprehensive income (continued)**  
**For the year ended 31 December 2023**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Profit (loss) attributable to:					
Equity holders of the Company		47,369,866	19,215,186	38,379,724	(781,582)
Non-controlling interests of the subsidiary		-	-		
		47,369,866	19,215,186		
Total comprehensive income attributable to:					
Equity holders of the Company		46,476,442	19,959,152	37,486,300	(393,183)
Non-controlling interests of the subsidiary		-	-		
		46,476,442	19,959,152		
Earnings (loss) per share					
	25				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		0.129	0.052	0.105	(0.002)
Weighted average number of ordinary shares (shares)					
		366,398,859	366,398,859	366,398,859	366,398,859

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

IT City Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements				
	Issued and		Retained earnings		Total
	paid up		Appropriated -		shareholders'
	share capital	Share premium	statutory reserve	Unappropriated	equity
Balance as at 1 January 2022	366,398,859	488,384,650	36,679,886	300,181,637	1,191,645,032
Profit for the year	-	-	-	19,215,186	19,215,186
Other comprehensive income for the year	-	-	-	743,966	743,966
Total comprehensive income for the year	-	-	-	19,959,152	19,959,152
Dividend paid (Note 26)	-	-	-	(109,919,256)	(109,919,256)
Balance as at 31 December 2022	366,398,859	488,384,650	36,679,886	210,221,533	1,101,684,928
Balance as at 1 January 2023	366,398,859	488,384,650	36,679,886	210,221,533	1,101,684,928
Profit for the year	-	-	-	47,369,866	47,369,866
Other comprehensive income for the year	-	-	-	(893,424)	(893,424)
Total comprehensive income for the year	-	-	-	46,476,442	46,476,442
Balance as at 31 December 2023	366,398,859	488,384,650	36,679,886	256,697,975	1,148,161,370

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

IT City Public Company Limited and its subsidiary

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2023

(Unit: Baht)

	Separate financial statements				
	Issued		Retained earnings		Total
	and paid up	Share	Appropriated -		shareholders'
	share capital	premium	statutory reserve	Unappropriated	equity
Balance as at 1 January 2022	366,398,859	488,384,650	36,679,886	202,068,757	1,093,532,152
Loss for the year	-	-	-	(781,582)	(781,582)
Other comprehensive income for the year	-	-	-	388,399	388,399
Total comprehensive income for the year	-	-	-	(393,183)	(393,183)
Dividend paid (Note 26)	-	-	-	(109,919,256)	(109,919,256)
Balance as at 31 December 2022	366,398,859	488,384,650	36,679,886	91,756,318	983,219,713
Balance as at 1 January 2023	366,398,859	488,384,650	36,679,886	91,756,318	983,219,713
Profit for the year	-	-	-	38,379,724	38,379,724
Other comprehensive income for the year	-	-	-	(893,424)	(893,424)
Total comprehensive income for the year	-	-	-	37,486,300	37,486,300
Balance as at 31 December 2023	366,398,859	488,384,650	36,679,886	129,242,618	1,020,706,013

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

**IT City Public Company Limited and its subsidiary**

**Cash flow statement**

**For the year ended 31 December 2023**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	53,114,402	15,510,135	44,124,260	(4,486,633)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	474,964,078	517,454,015	474,964,078	517,454,015
Reduction in lease payments by lessors	-	(6,915,967)	-	(6,915,967)
Reversal of allowance for expected credit losses	-	(416,732)	-	(416,732)
Reversal of allowance for diminution in inventory value	(1,056,837)	(15,274,029)	(1,056,837)	(15,274,029)
Share of profit from investments in associates	(30,730,142)	(39,548,928)	-	-
Dividend income from associates	-	-	(21,740,000)	(20,300,000)
Loss on disposals/write-off of equipment	11,914,811	10,861,686	11,914,811	10,861,686
Net difference of right-of-use assets and lease liabilities arising from termination of contracts	(2,234,002)	6,444,935	(2,234,002)	6,444,935
Gain from sublease	(632,176)	-	(632,176)	-
Allowance for impairment loss on assets (reversal)	(19,667,521)	28,217,593	(19,667,521)	28,217,593
Reversal of provision for decommissioning	(1,603,448)	(2,092,795)	(1,603,448)	(2,092,795)
Reversal of other provision for liabilities	(121,810)	(6,568,484)	(121,810)	(6,568,484)
Provision for long-term employee benefits	2,706,382	2,304,176	2,706,382	2,304,176
Unrealised gain on exchange rate	(162,148)	(61,534)	(162,148)	(61,534)
Interest income	(700,822)	(159,357)	(700,822)	(159,357)
Interest expenses	65,317,755	60,505,822	65,317,755	60,505,822
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>551,108,522</b>	<b>570,260,536</b>	<b>551,108,522</b>	<b>569,512,696</b>
Operating assets (increase) decrease				
Trade and other receivables	(40,026,457)	(65,779,604)	(40,026,457)	(65,779,604)
Finance lease receivables	5,053,775	(9,269,848)	5,053,775	(9,269,848)
Inventories	8,559,315	128,323,254	8,559,315	129,071,094
Other current assets	(1,877,268)	(1,974,578)	(1,877,268)	(1,974,578)
Other non-current assets	(2,991,158)	(34,294,085)	(2,991,158)	(34,294,085)
Operating liabilities increase (decrease)				
Trade and other payables	(76,659,318)	(72,788,345)	(76,659,318)	(72,788,345)
Other current liabilities	2,429,822	78,580	2,429,822	78,580
<b>Cash from operating activities</b>	<b>445,597,233</b>	<b>514,555,910</b>	<b>445,597,233</b>	<b>514,555,910</b>
Cash paid for interest expenses	(35,768,468)	(27,502,570)	(35,768,468)	(27,502,570)
Cash paid for retirement benefits	(125,650)	-	(125,650)	-
Cash paid for income tax	(33,579,347)	(44,894,795)	(33,579,347)	(44,894,795)
Cash received from withholding tax refund	19,465,287	-	19,465,287	-
<b>Net cash from operating activities</b>	<b>395,589,055</b>	<b>442,158,545</b>	<b>395,589,055</b>	<b>442,158,545</b>

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

IT City Public Company Limited and its subsidiary

Cash flow statement (continued)

For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Cash flows from investing activities</b>				
Dividend received from associates	21,740,000	20,300,000	21,740,000	20,300,000
Interest received	700,822	159,357	700,822	159,357
Proceeds from disposals of equipment	349,424	692,291	349,424	692,291
Purchase of equipment	(76,733,092)	(175,590,150)	(76,733,092)	(175,590,150)
Purchase of computer software	<u>(1,164,739)</u>	<u>(12,381,971)</u>	<u>(1,164,739)</u>	<u>(12,381,971)</u>
<b>Net cash used in investing activities</b>	<u>(55,107,585)</u>	<u>(166,820,473)</u>	<u>(55,107,585)</u>	<u>(166,820,473)</u>
<b>Cash flows from financing activities</b>				
Cash received from short-term loans from financial institutions	2,443,676,901	3,210,007,883	2,443,676,901	3,210,007,883
Repayment of short-term loans from financial institutions	(2,387,791,419)	(3,008,964,092)	(2,387,791,419)	(3,008,964,092)
Cash paid for lease liabilities	(401,844,431)	(425,118,789)	(401,844,431)	(425,118,789)
Dividend paid	<u>-</u>	<u>(109,919,256)</u>	<u>-</u>	<u>(109,919,256)</u>
<b>Net cash used in financing activities</b>	<u>(345,958,949)</u>	<u>(333,994,254)</u>	<u>(345,958,949)</u>	<u>(333,994,254)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(5,477,479)</u>	<u>(58,656,182)</u>	<u>(5,477,479)</u>	<u>(58,656,182)</u>
Cash and cash equivalents at beginning of year	<u>216,994,490</u>	<u>275,650,672</u>	<u>216,994,490</u>	<u>275,650,672</u>
<b>Cash and cash equivalents at end of year (Note 7)</b>	<u><u>211,517,011</u></u>	<u><u>216,994,490</u></u>	<u><u>211,517,011</u></u>	<u><u>216,994,490</u></u>
	-		-	
<b>Supplemental cash flow information</b>				
Non-cash related transactions				
Transfer inventories to equipment	5,197,497	3,163,497	5,197,497	3,163,497
Transfer right-of-use assets to finance lease receivable	2,825,344	-	2,825,344	-
Payables for acquisitions of plant and equipment	20,193,799	12,877,805	20,193,799	12,877,805
Payables for acquisitions of computer software	847,547	1,930,786	847,547	1,930,786
Payable for the entire business transfer from subsidiary	-	-	97,812,973	97,812,973
Right-of-use assets increase from lease agreements	179,417,921	246,217,592	179,417,921	246,217,592

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



## IT City Public Company Limited and its subsidiary

### Notes to consolidated financial statements

For the year ended 31 December 2023

#### 1. General information

IT City Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is SVOA Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the distribution of computers, mobile phones and related accessories and its registered address is 555 The Palladium World Shopping, B1-B2 and 5th Floor, Ratchaprarop Road, Makkasan, Ratchathewi, Bangkok.

As at 31 December 2023, the Company operated 344 branches (2022: 371 branches).

#### 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions 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.

#### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of IT City Public Company Limited (hereinafter called as “the Company”) and its subsidiary (hereinafter called as “the subsidiary”) (collectively as “the Group”) as below.

Company's name	Nature of business	Country of incorporation	Registered capital		Percentage of shareholding	
			2023	2022	2023	2022
			(Million Baht)	(Million Baht)	(Percent)	(Percent)
Computer System Connection International Co., Ltd.	Distribution of mobile phones, accessories and related services	Thailand	140	140	100	100

As described in Note 11 to the financial statements, the Company acquired the entire business of Computer System Connection International Company Limited (the subsidiary) at the net book value of the assets and liabilities as at 30 April 2021. The subsidiary registered its dissolution with the Ministry of Commerce on 14 May 2021 and is currently in the liquidation process.

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- g) The Company applies the acquisition method for business combinations when control is transferred except those with entities under common control.

The Company measures any non-controlling interests at its proportionate interest in the identifiable net assets of the acquirees.

Transaction costs incurred in connection with a business combination, such as consulting fees, are expensed as incurred.

- 2.3 The separate financial statements present investments in subsidiary and associates under the cost method.

### **3. New financial reporting standards**

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

During the year, the Group has adopted the revised financial reporting standards and interpretations 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 Group'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, for some standards, providing temporary reliefs or temporary exemptions for users.

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

## **4. Significant accounting policies**

### **4.1 Revenue and expense recognition**

#### *Sale 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 deducting returns, discounts, allowances and price promotions to customers.

#### *Rendering of services*

Revenue, from which the Group is agent to satisfy a performance obligation, is recognised in the net amount of consideration that the entity retains after paying the other consideration received in exchange for the goods and services to be provided by that party.

#### *Rebate*

Rebate is recognised as income on an accrual basis.

#### *Rental income of peripheral equipment*

Rental income of peripheral equipment is recognised as revenue on a systematic basis that is consistent with the pattern of revenue recognition in accordance with the agreement.

### *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).

### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### *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**

Inventories are valued at the lower of cost (under the 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 Investments in subsidiary and associates**

- a) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiary and associates are accounted for in the separate financial statements using the cost method. The Company recognises loss on impairment of investments in subsidiary and associates (if any) in profit or loss.

#### **4.5 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

Investment properties represent land held for capital appreciation, on which no depreciation is provided.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### **4.6 Property, plant and equipment and depreciation**

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

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

Buildings	-	20 years
Leasehold improvements	-	5 - 6 years
Office equipment	-	5 years
Furniture and fixtures	-	5 years
Tools	-	5 years
Motor vehicles	-	5 years
Assets for rent	-	5 years

Depreciation is included in determining income. No depreciation is provided on land and assets under construction and installation.

An item of property, plant and 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.

#### 4.7 Intangible assets and amortisation

Intangible assets acquired through business combinations are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (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	10 years

No amortisation is provided on computer software under development.

Intangible asset with indefinite useful life, which is trademark, is not amortised, but is tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful life of the intangible asset is reviewed annually.

#### 4.8 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combinations over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in business combinations is allocated to each of the Group's cash generating units (or group of cash-generating units) that are expected to benefit from the combinations. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

## 4.9 Leases

At inception of contract, the Group 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 Group as a lessee**

The Group applies 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 Group 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 any 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, decommissioning cost, 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 is calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Right-of-use building space	-	2 - 13 years
Vehicles	-	5 years

If ownership of the leased asset is transferred to the Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group discounts the present value of the lease payments by the interest rate implicit in the lease or the Group'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.

**The Group as a lessor**

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

**4.10 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 associates, and 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.



#### **4.11 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's and its subsidiary'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.

Gains and losses on exchange are included in determining income.

#### **4.12 Impairment of non-financial assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of use assets, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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

###### ***Defined benefit plans***

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group 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 Group recognises restructuring-related costs.

#### **4.14 Provisions**

Provisions are recognised when the Group 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.

#### **4.15 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 Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Group 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.16 Financial instruments**

The Group 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 Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

### ***Financial assets at amortised cost***

The Group 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 the profit or loss when the asset is derecognised, modified or impaired.

### ***Financial assets at FVOCI (debt instruments)***

The Group measures financial assets at FVOCI if the financial asset is held to collect contractual cash flows and to sell the financial asset 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.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the profit or loss.

### ***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 including interest income recognised in the profit or loss.

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

### **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Group'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 the profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the 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 Group has transferred substantially all the risks and rewards of the asset, or the Group 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 the profit or loss.

## **Impairment of financial assets**

The Group 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 Group 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 Group 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 Group 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 Group applies a simplified approach in calculating ECLs. Therefore, the Group 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.

#### **4.17 Fair value measurement**

Fair value is the price that would be received from sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure its assets and liabilities except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation techniques 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 categories 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 Group 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 - The Group as a lessee**

###### ***Determining the lease term with extension and termination options***

In determining the lease term, the management is required to exercise judgement in assessing whether the Group 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 Group to exercise either the extension or termination option.

### ***Estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate (IBR) to discount lease liabilities. The IBR is the rate of interest that the Group 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 diminution in inventory value**

The determination of allowance for diminution in inventory value requires management to make judgements and estimates. The allowance for declining 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 sale; and allowance for obsolete, slow-moving and deteriorated inventories is estimated based on the approximate aging of each type of inventories and the prevailing market condition.

### **Goodwill and intangible assets**

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **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.



### **Allowance for impairment of non-financial assets**

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different cash-generating units, including a sensitivity analysis, are disclosed and further explained in Note 16.

### **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 Group 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)

	Consolidated financial statements		Separate financial statements		
	2023	2022	2023	2022	Pricing policy
<b><u>Transactions with entity with significant influence over the Group (SVOA Public Company Limited)</u></b>					
Purchases of goods	138	165	138	165	At cost plus approximately 6 percent average profit margin (2022: 7 percent)
<b><u>Transactions with associates</u></b>					
Sales of goods	-	1	-	1	Market price
Dividend income	22	20	22	20	At the declared rate
<b><u>Transactions with related companies</u></b>					
Sales of goods	9	14	9	14	Market price
Service fee expenses	5	1	5	1	Market price
Computer software development cost	-	2	-	2	Contract price
Promotional fee expenses	5	5	5	5	Contract price

The balances of the accounts as at 31 December 2023 and 2022 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<b><u>Trade and other receivables - related parties (Note 8)</u></b>				
Entities with significant influence over the Group	739	2,110	739	2,110
Associates	53	-	53	-
Related companies (related by common shareholders and common directors)	2,300	885	2,300	885
Total trade and other receivables - related parties	3,092	2,995	3,092	2,995
<b><u>Trade and other payables - related parties (Note 18)</u></b>				
Subsidiary	-	-	97,813	97,813
Entities with significant influence over the Group	21,824	18,647	21,824	18,647
Related companies (related by common shareholders and common directors)	126	2,065	126	2,065
Total trade and other payables - related parties	21,950	20,712	119,763	118,525

### Directors and management's benefits

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

	(Unit: Million Baht)	
	Consolidated/Separate financial statements	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	24.2	24.2
Post-employment benefits	0.1	0.1
Total	<u>24.3</u>	<u>24.3</u>

## **7. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2023</u>	<u>2022</u>
Cash	10,835	19,017
Bank deposits	200,682	197,977
Total	<u>211,517</u>	<u>216,994</u>

As at 31 December 2023, bank deposits in savings accounts and fixed deposits carried interests between 0.15 and 1.10 percent per annum (2022: between 0.15 and 0.40 percent per annum).

## 8. Trade and other receivables

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	1,337	771
Past due		
Up to 3 months	1,012	2,113
Total trade receivables - related parties	<u>2,349</u>	<u>2,884</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	204,868	193,430
Past due		
Up to 3 months	11,668	20,521
3 - 6 months	74	49
6 - 12 months	-	6
Over 12 months	2,787	2,787
Total trade receivables - unrelated parties	<u>219,397</u>	<u>216,793</u>
Less: Allowance for expected credit losses	<u>(2,787)</u>	<u>(2,787)</u>
Total trade receivables - unrelated parties - net	<u>216,610</u>	<u>214,006</u>
Total trade receivables - net	<u>218,959</u>	<u>216,890</u>
<u>Other receivables</u>		
Other receivables - related parties	743	111
Other receivables - unrelated parties	56,294	44,592
Accrued commission income	89,557	63,933
Total other receivables	<u>146,594</u>	<u>108,636</u>
Total trade and other receivables - net	<u>365,553</u>	<u>325,526</u>

Set out below are the movements in the allowance for expected credit losses of trade receivables.

(Unit: Thousand Baht)		
Consolidated/Separate financial statements		
	<u>2023</u>	<u>2022</u>
Beginning balance	2,787	3,204
Write off	-	(417)
Ending balance	<u>2,787</u>	<u>2,787</u>

## 9. Inventories

(Unit: Thousand Baht)						
Consolidated/Separate financial statements						
Allowance of diminution in inventory value - Inventory						
	Cost		obsolescence		Inventories - net	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Finished goods	1,205,989	1,219,746	(12,888)	(13,945)	1,193,101	1,205,801
Total	<u>1,205,989</u>	<u>1,219,746</u>	<u>(12,888)</u>	<u>(13,945)</u>	<u>1,193,101</u>	<u>1,205,801</u>

During the current year, the Company reversed the write-down of cost of inventories by Baht 1.1 million and reduced the amount of inventories recognised as expenses during the year (2022: Baht 15.3 million).

## 10. Investment in subsidiary

Details of investment in subsidiary as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)						
Subsidiary company	Paid up capital		Shareholding percentage		Investment value under cost method	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
			%	%		
Computer System Connection International Co., Ltd.	140,000	140,000	100	100	89,067	89,067

## Entire Business Transfer from subsidiary

On 30 April 2021, the Company entered into the entire business transfer agreement with Computer System Connection International Co., Ltd. to acquire assets, liabilities and other commitments and obligations to the Company. The Company agreed to pay a consideration for the transfer of the business of totaling Baht 97.8 million which was the net book value of assets and liabilities as at 30 April 2021 based on the financial statements of the subsidiary.

On 30 April 2021, the Annual General Meeting of the shareholders of Computer System Connection International Company Limited passed a resolution to approve the dissolution of the subsidiary. The subsidiary registered its dissolution with the Ministry of Commerce on 14 May 2021 and is currently in the liquidation process.

As at 31 December 2023, the Company had balance of Baht 97.8 million of the consideration payable to its subsidiary for the entire business transfer, which was included in other payables - related parties (Note 18) (2022: Baht 97.8 million).

## 11. Investments in associates

### 11.1 Details of associates

Company's name	Nature of business	Country of incorporation	Shareholding		Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
			percentage		Carrying amount based		Carrying amount based	
					on equity method		on cost method	
			<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
			Percent	Percent				
S P V I Public Company Limited	Distribution of IT products and related accessories	Thailand	29	29	167,786	159,030	58,000	58,000
Touch Printing Republic Company Limited	Import and distribution of printing equipment and turnkey solution for printing service	Thailand	24	24	20,923	20,689	12,000	12,000
Total					<u>188,709</u>	<u>179,719</u>	<u>70,000</u>	<u>70,000</u>

## 11.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of profit from investments in the associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company	(Unit: Thousand Baht)				Separate	
	Consolidated financial statements				financial statements	
	Share of profit from		Share of other		Dividend	
	investments in		comprehensive income		received	
	2023	2022	2023	2022	2023	2022
S P V I Public Company Limited	29,056	36,704	-	355	20,300	20,300
Touch Printing Republic Company Limited	1,674	2,845	-	-	1,440	-
<b>Total</b>	<b>30,730</b>	<b>39,549</b>	<b>-</b>	<b>355</b>	<b>21,740</b>	<b>20,300</b>

## 11.3 Fair value of investment in listed associate

As at 31 December 2023, the fair value of the investment in S P V I Public Company Limited, calculated based on the latest bid price of the shares on the last trading day of the period as quoted on the MAI and in proportion to the Company's shareholding, was approximately Baht 459 million (2022: Baht 644 million).

Investment in listed associate for which fair value is disclosed in the financial statements is categorised within Level 1 which is the quoted market prices in an observable active market for such asset.

## 11.4 Summarised financial information about material associates

### Summarised information about financial position

	(Unit: Million Baht)			
	S P V I Public		Touch Printing Republic	
	Company Limited		Company Limited	
	2023	2022	2023	2022
Current assets	882	742	88	97
Non-current assets	347	311	11	9
Current liabilities	(552)	(411)	(9)	(18)
Non-current liabilities	(97)	(92)	(2)	(2)
<b>Net assets</b>	<b>580</b>	<b>550</b>	<b>88</b>	<b>86</b>
Shareholding percentage	29%	29%	24%	24%
<b>Share of net assets</b>	<b>168</b>	<b>159</b>	<b>21</b>	<b>21</b>
<b>Carrying amounts of associates based on equity method</b>	<b>168</b>	<b>159</b>	<b>21</b>	<b>21</b>

## Summarised information about comprehensive income

	(Unit: Million Baht)			
	S P V I Public Company Limited		Touch Printing Republic Company Limited	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue	6,770	5,616	179	213
Profit	100	127	7	12
Other comprehensive income	-	1	-	-
Total comprehensive income	100	128	7	12

## **12. Investment properties**

Investment properties represent land held for sale for capital appreciation. As at 31 December 2023, the fair value of the investment properties, which was determined based on the market comparison approach performed by an accredited independent valuer, was Baht 8.2 million (2022: Baht 8.2 million). The fair value measurement for investment properties has been categorised as a Level 2 fair value.

Key assumptions used in the valuation are summarised below.

	As at 31 December		
	Consolidated /Separate financial statements		Effect to fair value where as an assumption value is increased
	<u>2023</u>	<u>2022</u>	
Price per square wah (Baht)	17,500	17,500	Increase in fair value



### 13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated/Separate financial statements								
		Building and					Assets under	
	Land	building	Office	Furniture	Motor	Assets	construction	
		improvements	equipment	and fixtures	vehicles	for rent	and	Total
							installation	
Cost								
1 January 2022	3,540	772,077	189,437	48,853	30,370	39,034	3,801	1,087,112
Additions	-	92,593	25,348	-	1,704	-	377	120,022
Transfer from inventory	-	-	2,641	-	-	522	-	3,163
Disposals/write-off	-	(57,912)	(4,160)	(1,852)	(190)	(12,208)	-	(76,322)
Transfer in (out)	-	1,501	2,300	-	-	-	(3,801)	-
31 December 2022	3,540	808,259	215,566	47,001	31,884	27,348	377	1,133,975
Additions	-	60,056	19,466	-	-	-	4,527	84,049
Transfer from inventory	-	-	1,215	-	-	3,982	-	5,197
Disposals/write-off	-	(76,745)	(23,574)	(21,984)	(3,164)	(3,585)	-	(129,052)
Transfer in (out)	-	-	122	-	-	(122)	-	-
31 December 2023	3,540	791,570	212,795	25,017	28,720	27,623	4,904	1,094,169
Accumulated depreciation								
1 January 2022	-	571,261	136,452	30,875	26,411	33,691	-	798,690
Depreciation for the year	-	63,366	20,980	4,329	2,237	2,783	-	93,695
Accumulated depreciation								
on disposals/write-off	-	(46,802)	(4,113)	(1,478)	(190)	(12,185)	-	(64,768)
31 December 2022	-	587,825	153,319	33,726	28,458	24,289	-	827,617
Depreciation for the year	-	63,238	22,605	4,165	1,958	3,095	-	95,061
Transfer in (out)	-	-	122	-	-	(122)	-	-
Accumulated depreciation								
on disposals/write-off	-	(64,899)	(23,286)	(21,857)	(3,164)	(3,582)	-	(116,788)
31 December 2023	-	586,164	152,760	16,034	27,252	23,680	-	805,890
Allowance for impairment loss								
1 January 2022	-	416	-	-	-	-	-	416
Increase during the year	-	16,019	-	-	-	-	-	16,019
Decrease during the year	-	(416)	-	-	-	-	-	(416)
31 December 2022	-	16,019	-	-	-	-	-	16,019
Increase during the year	-	3,462	-	-	-	-	-	3,462
Decrease during the year	-	(18,275)	-	-	-	-	-	(18,275)
31 December 2023	-	1,206	-	-	-	-	-	1,206
Net book value								
31 December 2022	3,540	204,415	62,247	13,275	3,426	3,059	377	290,339
31 December 2023	3,540	204,200	60,035	8,983	1,468	3,943	4,904	287,073
Depreciation for the year								
2022 (Baht 2.8 million included in cost of sales and services, and the balance in selling and administrative expenses)								93,695
2023 (Baht 3.1 million included in cost of sales and services, and the balance in selling and administrative expenses)								95,061

As at 31 December 2023, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 597 million (2022: Baht 593 million).

## 14. Leases

### 14.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 1 and 13 years.

#### a) Right-of-use assets

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

	(Unit: Thousand Baht)		
	Consolidated/Separate financial statements		
	Right-of-use		
	building space	Vehicles	Total
1 January 2022	1,270,332	2,435	1,272,767
Additions during the year	242,284	3,934	246,218
Write-off during the year - net book value at write-off date	(102,615)	-	(102,615)
Depreciation for the year	(414,179)	(2,255)	(416,434)
31 December 2022	995,822	4,114	999,936
Additions during the year	179,418	-	179,418
Write-off during the year - net book value at write-off date	(80,240)	-	(80,240)
Transfer to finance lease receivables for sublease	(2,825)	-	(2,825)
Depreciation for the year	(370,995)	(1,511)	(372,506)
31 December 2023	721,180	2,603	723,783

#### b) Lease liabilities

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2023	2022
Lease liabilities	795,243	1,093,036
Less: Deferred interest expenses	(51,050)	(70,255)
Total	744,193	1,022,781
Less: Portion due within one year	(315,633)	(375,496)
Lease liabilities - net of current portion	428,560	647,285

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

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2023</u>	<u>2022</u>
Balance at beginning of year	1,022,781	1,275,513
Add: Additions during the year	177,274	244,242
Accretion of interest during the year	28,456	31,231
Less: Payments during the year	(401,844)	(425,119)
Termination of contracts due to branch closures during the year	(82,474)	(96,170)
Reduction in lease payments by lessors	-	(6,916)
Balance at end of year	<u>744,193</u>	<u>1,022,781</u>

A maturity analysis of lease payments is disclosed in Note 30.1 under the liquidity risk.

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

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2023</u>	<u>2022</u>
Depreciation expense of right-of-use assets	372,506	416,434
Interest expense on lease liabilities	28,456	31,231
Expense relating to short-term leases	29,724	17,240
Expense relating to variable lease payments	2,840	5,572

The Company has lease contracts for office building space that contains variable payments based on sales. The lease terms are 11 months to 2 years.

**d) Others**

The Company had total cash outflows for leases for the year ended 31 December 2023 of Baht 434.4 million (2022: Baht 447.9 million), including the cash outflows related to short-term leases and variable lease payments that do not depend on an index or a rate.

Furthermore, in 2022 the Company elected to adopt the practical expedient relating to COVID-19-related rent concessions. The practical expedient permits a lessee not to assess whether rent concessions are lease modifications. The Company applies the practical expedient to [all / some] rent concessions that meet all of the conditions, 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 effects of the application of this expedient, due to resulting changes in payments under leases amounting to Baht 6.9 million, are recognised in profit or loss for the year ended 31 December 2022.

**14.2 The Group as a lessor**

The Group has entered into finance leases for its computer tablets of the lease terms are between 2 and 5 years.

	(Unit: Thousand Baht)	
	Consolidated/Separate	
	financial statements	
	<u>2023</u>	<u>2022</u>
Undiscounted lease payments receivable under finance leases		
Within 1 year	5,525	4,783
Over 1 year and up to 5 years	2,412	4,783
Total	7,937	9,566
Less: Deferred interest income	(263)	(296)
Finance lease receivables	7,674	9,270
Less: Portion due within one year	(5,373)	(4,783)
Finance lease receivables - net	2,301	4,487

## 15. Intangible assets

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	Trademark	Computer Software	Computer software under development	Total
<b>Cost</b>				
1 January 2022	212,560	87,207	1,683	301,450
Additions	-	792	1,965	2,757
31 December 2022	212,560	87,999	3,648	304,207
Additions	-	81	-	81
Transfer in (out)	-	1,495	(1,683)	(188)
31 December 2023	212,560	89,575	1,965	304,100
<b>Accumulated amortisation</b>				
1 January 2022	-	32,270	-	32,270
Amortisation for the year	-	7,325	-	7,325
31 December 2022	-	39,595	-	39,595
Amortisation for the year	-	7,397	-	7,397
31 December 2023	-	46,992	-	46,992
<b>Net book value</b>				
31 December 2022	212,560	48,404	3,648	264,612
31 December 2023	212,560	42,583	1,965	257,108

Trademark acquired through business combination is renewed every 10 years and has allowed the Group to determine that this asset has an indefinite useful life. This asset was tested for impairment as described in Note 16 to the financial statements.

## 16. Goodwill and brand with indefinite useful life

There were goodwill and trademark with indefinite useful life acquired through the entire business transfer from Computer System Connection International Co., Ltd. (the subsidiary) as below.

(Unit: Thousand Baht)

Goodwill	77,385
Trademark (Note 15)	212,560

For the annual impairment testing, the recoverable amount of the cash generating unit (CGU) has been determined based on value in use using the income approach, which is measured using cash flow projections based on financial budgets approved by management covering a five-year period. The fair value measurement is categorised within Level 3 of the fair value hierarchy.

Key assumptions used in fair value measurement of goodwill and trademark with indefinite useful life as at 31 December 2023 and 2022 are summarised below.

	(Unit: Percent per annum)	
	31 December 2023	31 December 2022
Long-term growth rates	1.8	1.8
Discount rates	11.0	10.6

The management has considered growth rate from the expected market growth and discount rate as a rate to reflect the risks specific to the CGU.

The management has considered the above and believes that there is no impairment loss on goodwill and trademark with indefinite useful life.

#### 17. Short-term loans from financial institutions

Movements of short-term loans from financial institutions during the years ended 31 December 2023 and 2022 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2023</u>	<u>2022</u>
Balance at beginning of year	930,750	729,706
Add: Increase during the year	2,443,677	3,210,008
Less: Repayment during the year	(2,387,791)	(3,008,964)
Balance at end of year	<u>986,636</u>	<u>930,750</u>

As at 31 December 2023, the Company had short-term loans from commercial banks which carry interests at the rates of 3.15 to 4.23 percent per annum (2022: 3.15 to 3.75 percent per annum).

Short-term loan agreements contain certain covenants as specified in the agreements that, among other things, require the Company to maintain debt to equity ratio at the rate prescribed in the agreements, and the portion of the Company's shares held by the major shareholders.

## 18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Trade payables - related parties	21,876	18,677	21,876	18,677
Trade payables - unrelated parties	563,447	631,028	563,447	631,028
Other payables - related parties (Note 11)	74	2,035	97,887	99,848
Other payables - unrelated parties	27,268	20,352	27,268	20,352
Accrued expenses	84,350	87,431	84,350	87,431
Unearned revenues	36,033	44,301	36,033	44,301
Total trade and other payables	<u>733,048</u>	<u>803,824</u>	<u>830,861</u>	<u>901,637</u>

## 19. 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)	
	Consolidated/Separate	
	financial statements	
	<u>2023</u>	<u>2022</u>
<b>Provision for long-term employee benefits</b>		
<b>at beginning of year</b>	22,909	21,090
Included in profit or loss:		
Current service cost	2,034	1,796
Interest cost	672	508
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Financial assumptions changes	534	(1,305)
Experience adjustments	583	820
Benefits paid during the year	<u>(126)</u>	<u>-</u>
<b>Provision for long-term employee benefits</b>		
<b>at end of year</b>	<u>26,606</u>	<u>22,909</u>

As at 31 December 2023, the Company expects to pay Baht 4.1 million of long-term employee benefits during the next year (2022: Baht 2.8 million).

As at 31 December 2023, the weighted average duration of the liabilities for long-term employee benefits for the Group is 15 years (2022: 15 years).

Significant actuarial assumptions are summarised below.

	(Unit: Percent per annum)	
	Consolidated/Separate financial statements	
	<u>2023</u>	<u>2022</u>
Discount rate	3.12	3.33
Future salary increase rate (depending on age)	3.5	3.5
Staff turnover rate (depending on age)	3 - 40	3 - 40

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

	(Unit: Million Baht)			
	Consolidated/Separate financial statements			
	31 December 2023		31 December 2022	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2.42)	2.83	(2.14)	2.52
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate	2.54	(2.21)	2.26	(1.97)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Staff turnover rate	(2.59)	3.22	(2.32)	2.90

## 20. 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 income 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 Company already set aside a statutory reserve of not less than 10 percent of its registered capital.



## 21. Revenue from contracts with customers

(Unit: Thousand Baht)		
Consolidated/Separate financial statements		
	<u>2023</u>	<u>2022</u>
<b>Type of goods or services:</b>		
Sales of electronic equipment	7,941,046	8,435,667
Marketing support income	126,412	106,771
Rental of peripheral equipment	15,421	15,436
Commission income	106,783	142,252
Agent for repair and sales of equipment	6,278	8,320
Total revenue from contracts with customers	<u>8,195,940</u>	<u>8,708,446</u>
<b>Timing of revenue recognition:</b>		
Revenue recognised at a point in time	8,180,519	8,693,010
Revenue recognised over time	15,421	15,436
Total revenue from contracts with customers	<u>8,195,940</u>	<u>8,708,446</u>

## 22. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)		
Consolidated/Separate financial statements		
	<u>2023</u>	<u>2022</u>
Cost of goods	6,828,222	7,314,762
Depreciation and amortisation	474,964	517,454
Salary, wages and other employee benefits	379,108	390,502
Rental and service center expenses from lease agreements	170,001	163,302
Utilities expenses	56,082	55,557
Office supply expenses	14,930	22,901
Transportation expenses	12,737	10,846
Decrease in allowance for inventory obsolescence	(1,057)	(15,274)
Increase (decrease) in allowance for impairment loss on assets	(19,688)	28,218

## 23. Finance cost

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2023</u>	<u>2022</u>
Interest expense on borrowings	36,192	28,547
Interest expense on lease liabilities	29,126	31,959
Total finance cost	<u>65,318</u>	<u>60,506</u>

## 24. Income tax

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

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2023</u>	<u>2022</u>
<b>Current income tax:</b>		
Current corporate income tax charge	954	-
Adjustment in respect of income tax of previous year	-	(240)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	4,791	(3,465)
<b>Income tax reported in profit or loss</b>	<u>5,745</u>	<u>(3,705)</u>

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)	
	Consolidated/Separate financial statements	
	<u>2023</u>	<u>2022</u>
Deferred tax relating to actuarial gain (loss)	(223)	97

The reconciliation between accounting profit (loss) and income tax is shown below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2023	2022	2023	2022
Accounting profit (loss) before tax	53,114	15,510	44,124	(4,487)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	10,623	3,102	8,825	(897)
Adjustment in respect of income tax of previous year	-	(240)	-	(240)
Effects of:				
Non-deductible expenses	1,461	1,493	1,461	1,642
Income not subject to tax	(6,146)	(7,910)	(4,348)	(4,060)
Additional expense deductions allowed	(193)	(150)	(193)	(150)
Total	(4,878)	(6,567)	(3,080)	(2,568)
Income tax reported in profit or loss	5,745	(3,705)	5,745	(3,705)

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	as at 31 December	
	Consolidated/Separate	
	financial statements	
	2023	2022
<b>Deferred tax assets</b>		
Allowance for expected credit losses	668	668
Allowance for diminution in inventory value	2,578	2,789
Accumulated depreciation of assets	300	510
Allowance for impairment loss on assets	2,029	5,961
Provision for long-term employee benefits	5,321	4,485
Provision for service liabilities	563	410
Unused tax losses	-	652
Leases	6,761	7,313
Total	18,220	22,788
<b>Deferred tax liabilities</b>		
Intangible assets from business combination	(42,512)	(42,512)
Total	(42,512)	(42,512)
Total deferred tax liabilities - net	(24,292)	(19,724)

## 25. Earnings (loss) per share

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

## 26. Dividends

Details of dividend payment are set out below.

	Approved by	Total Dividends paid (Thousand Baht)	Dividend paid per share (Baht)
<u>2022</u>			
Dividends on the unappropriated retained earnings	Annual General Meeting of the shareholders on 5 April 2022	109,919	0.30
Total dividends paid for the year 2022		109,919	0.30

## 27. 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 Group is principally engaged in a single reportable operating segment in the distribution of computers, mobile phones and related accessories. Its operations are carried on in the single geographic area in 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 exclusively to the aforementioned reportable operating segment and geographic area.

### *Major customers*

For the years 2023 and 2022, the Group had no major customer with revenue of 10 percent or more of its revenues.

## 28. 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 contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Siam Commercial Bank Asset Management Co. Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2023, the contributions of the Company amounting to Baht 2.9 million (2022: Baht 3.5 million) were recognised as expenses.

## 29. Commitments and contingent liabilities

### 29.1 Lease and related service commitments

The Group has entered into several lease and service agreements in respect of the lease of office building space, warehouse and branch areas. The terms of the agreements are generally between 1 and 13 years.

As at 31 December 2023 and 2022, future minimum payments required under these lease and service agreements were as follows:

	(Unit: Million Baht)	
	Consolidated/Separate financial statements	
	<u>2023</u>	<u>2022</u>
Payable:		
In up to 1 year	37	51
In over 1 year and up to 5 years	17	22

In addition, the Company has obligations to pay rental and service fee at the percentage of sales under lease and service agreements for lease of certain branch areas.

### 29.2 Guarantees

As at 31 December 2023, there were outstanding bank guarantees of approximately Baht 71.3 million (the Company only: Baht 71.0 million) (2022: Baht 77.2 million, the Company only: Baht 76.8 million) issued by the banks on behalf of the Group to guarantee the purchases of goods and services as required in the ordinary course of business of the Group.

## **30. Financial instruments**

### **30.1 Financial risk management objectives and policies**

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

#### **Credit risk**

The Group is exposed to credit risk primarily with respect to trade and other receivables, deposits with banks and other financial instruments. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

#### **Trade receivables**

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. 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**

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments are made only in bank deposits with approved counterparty banks with credit-ratings at investment grade assigned by international credit agencies and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed and updated throughout the year. The limits are set to minimise concentration risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks and short-term loans from financial institutions. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates 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)

	Consolidated financial statements					
	As at 31 December 2023					
	Fixed interest rates		Floating	Non-interest		Effective
	Within		interest	bearing	Total	interest
	1 year	1 to 5 years	rate			rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	143	69	212	0.15 - 1.10
Trade and other receivables	-	-	-	366	366	-
Finance lease receivables	5	2	-	-	7	2.73 - 3.04
	5	2	143	435	585	
Financial liabilities						
Short-term loans from financial institutions	987	-	-	-	987	3.15 - 4.23
Trade and other payables	-	-	-	733	733	-
Lease liabilities	316	428	-	-	744	3.04 - 5.40
	1,303	428	-	733	2,464	

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2022					
	Fixed interest rates		Floating	Non-interest		Effective
	Within		interest	bearing	Total	interest
	1 year	1 to 5 years	rate			rate
						(% per annum)
<b>Financial assets</b>						
Cash and cash						
equivalents	-	-	139	78	217	0.15 - 0.40
Trade and other						
receivables	-	-	-	326	326	-
Finance lease						
receivables	5	4	-	-	9	3.04
	5	4	139	404	552	
<b>Financial liabilities</b>						
Short-term loans from						
financial institutions	931	-	-	-	931	3.15 - 3.75
Trade and other						
payables	-	-	-	804	804	-
Lease liabilities	375	647	-	-	1,022	3.04 - 5.17
	1,306	647	-	804	2,757	

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2023					
	Fixed interest rates		Floating	Non-interest	Total	Effective
	Within		interest	bearing		interest
	1 year	1 to 5 years	rate			rate
						(% per annum)
Financial assets						
Cash and cash						
equivalents	-	-	143	69	212	0.15 - 1.10
Trade and other						
receivables	-	-	-	366	366	-
Finance lease						
receivables	5	2	-	-	7	2.73 - 3.04
	5	2	143	435	585	
Financial liabilities						
Short-term loans from						
financial institutions	987	-	-	-	987	3.15 - 4.23
Trade and other						
payables	-	-	-	831	831	-
Lease liabilities	316	428	-	-	744	3.04 - 5.40
	1,303	428	-	831	2,562	



(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2022					
	Fixed interest rates		Floating	Non-interest		Effective
	Within		interest	bearing	Total	interest
	1 year	1 to 5 years	rate			rate
						(% per annum)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	139	78	217	0.15 - 0.40
Trade and other receivables	-	-	-	326	326	-
Finance lease receivables	5	4	-	-	9	3.04
	<u>5</u>	<u>4</u>	<u>139</u>	<u>404</u>	<u>552</u>	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	931	-	-	-	931	3.15 - 3.75
Trade and other payables	-	-	-	902	902	-
Lease liabilities	375	647	-	-	1,022	3.04 - 5.17
	1,306	647	-	902	2,855	

### Foreign currency risk

The Group's exposure to the foreign currency risk arises mainly from purchasing of goods that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2023 and 2022, the Company had no significant outstanding financial assets and liabilities denominated in foreign currencies.

### Liquidity risk

The Group needs liquidity to meet its obligations and is responsible for its own cash balances and the raising of internal and external credit lines to cover the liquidity needs. The Group monitors the risk of a shortage of liquidity position by recurring liquidity planning an adequate level of cash and cash equivalents, unused committed and uncommitted credit lines with various banks to meet its liquidity requirements.

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

(Unit: Thousand Baht)

Consolidated financial statements			
As at 31 December 2023			
	Less than 1 year	1 to 5 years	Total
Short-term loans from financial institutions	986,636	-	986,636
Trade and other payables	733,048	-	733,048
Lease liabilities	339,363	455,880	795,243
Total	2,059,047	455,880	2,514,927

(Unit: Thousand Baht)

Consolidated financial statements			
As at 31 December 2022			
	Less than 1 year	1 to 5 years	Total
Short-term loans from financial institutions	930,750	-	930,750
Trade and other payables	803,824	-	803,824
Lease liabilities	402,580	690,456	1,093,036
Total	2,137,154	690,456	2,827,610

(Unit: Thousand Baht)

Separate financial statements			
As at 31 December 2023			
	Less than 1 year	1 to 5 years	Total
Short-term loans from financial institutions	986,636	-	986,636
Trade and other payables	830,861	-	830,861
Lease liabilities	339,363	455,880	795,243
Total	2,156,860	455,880	2,612,740

(Unit: Thousand Baht)

Separate financial statements			
As at 31 December 2022			
	Less than 1 year	1 to 5 years	Total
Short-term loans from financial institutions	930,750	-	930,750
Trade and other payables	901,637	-	901,637
Lease liabilities	402,580	690,456	1,093,036
Total	2,234,967	690,456	2,925,423

### **30.2 Fair values of financial instruments**

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

### **31. Capital management**

The primary objectives of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital position with reference to its debt-to-equity ratio. As at 31 December 2023, the Group's debt-to-equity ratio was 2.24:1 (2022: 2.59:1) and the Company's was 2.61:1 (2022: 3.00:1).

### **32. Event after the reporting period**

On 20 February 2024, the meeting of the Board of Directors of the Company passed a resolution approving the payment of annual dividend for the year 2023 at Baht 0.10 per share, or a total of Baht 36.6 million. The payment of dividend will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

### **33. Approval of financial statements**

These financial statements were authorised for issue by the Company's board of directors on 20 February 2024.