

Home Product Center Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2023

1. General information

1.1 The Company's general information

Home Product Center Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its major shareholders are Land and Houses Public Company Limited and Quality Houses Public Company Limited, which were incorporated in Thailand. The Company is principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences place, and provision for related services to retail business, together with space rental and provide utilities service. Its registered address is at 31 Prachachuennonthaburi Rd., Bangkhen, Amphoe Muang, Nonthaburi.

As at 30 June 2023, the Group has a total of 122 branches (31 December 2022: 116 branches) (The Company only: 115 branches, 31 December 2022: 109 branches).

1.2 Basis of preparation of interim financial information

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

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

The interim financial information in Thai language is the official statutory financial information of the Company. The interim financial information in English language has been translated from the Thai language financial information.

1.3 Basis of consolidation

This interim financial information includes the financial statements of Home Product Center Public Company Limited ("the Company") and its subsidiaries ("the subsidiaries") (collectively as "the Group") and has been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2022, with no change in shareholding structure of subsidiaries during the current period.

The subsidiary changed its name from Market Village Company Limited to Home Solar Company Limited and registered the name change with the Ministry of Commerce on 10 March 2023. However, on 15 June 2023, the subsidiary reversed its decision to maintain the use of the previous name as Market Village Company Limited and already registered its name change.

1.4 Significant accounting policies

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, do not have any significant impact on the Group's financial statements.

2. Related party transactions

During the periods, 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 Group and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended 30 June		periods ended 30 June		
	2023	2022	2023	2022	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	20,038	72,260	Cost plus margin
Rental and service income	-	-	12,130	11,477	Baht 4.0 million per month (2022: Baht 3.8 million per month)
Management service income	-	-	-	9,934	Actual cost and contract price
Service income	-	-	35	36,103	Actual cost and contract price
Dividend income	-	-	225,000	100,000	As declared
Interest income	-	-	-	6,880	3.00% per annum
Rental and service expense	-	-	131,540	-	Baht 43.85 million per month
Management service expense	-	-	219,885	100,095	Actual cost and contract price
Other expenses	-	-	-	1,853	Actual cost

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended 30 June		periods ended 30 June		
	2023	2022	2023	2022	
<u>Transactions with related companies</u>					
Sales income	16,830	15,249	16,830	15,040	Market price
Rental and service income	2,552	1,892	2,552	1,961	Contract price
Other income	8,774	12,792	8,774	12,272	Contract price
Interest income	35	1,144	26	1,103	0.15% - 0.65% per annum (2022: 0.15% - 0.40% per annum)
Rental and service expenses	11,421	11,350	10,938	8,435	Percentage of revenue but not less than a minimum rate
Purchases of goods and assets	102,818	83,399	102,818	80,060	As mutually agreed upon comparing market price

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the six-month		For the six-month		
	periods ended 30 June		periods ended 30 June		
	2023	2022	2023	2022	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	59,539	181,092	Cost plus margin
Rental and service income	-	-	24,084	22,953	Baht 4.00 million per month (2022: Baht 3.8 million per month)
Management service income	-	-	-	19,769	Actual cost and contract price
Service income	-	-	45	74,454	Actual cost and contract price
Dividend income	-	-	225,000	100,000	As declared
Interest income	-	-	-	15,839	3.00% per annum
Rental and service expense	-	-	263,081	-	Baht 43.85 million per month
Management service expense	-	-	429,799	190,886	Actual cost and contract price
Other expenses	-	-	-	3,504	Actual cost
<u>Transactions with related companies</u>					
Sales income	35,476	26,217	35,476	25,523	Market price
Rental and service income	4,906	4,717	4,906	4,865	Contract price
Other income	19,331	23,330	19,331	22,238	Contract price
Interest income	77	2,372	68	2,331	0.15% - 0.65% per annum (2022: 0.15% - 0.40% per annum)
Rental and service expenses	23,572	21,368	20,174	18,453	Percentage of revenue but not less than a minimum rate
Purchases of goods and assets	290,862	167,524	290,862	150,411	As mutually agreed upon comparing market price

(Unaudited but reviewed)

The balances of the accounts between the Group and those related companies are as follow:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2023	31 December 2022	30 June 2023	31 December 2021
<u>Deposits with financial institution</u>				
(included in cash and cash equivalents)				
Related company ⁽²⁾	27,861	572,280	17,666	550,910
<u>Trade and other receivables</u>				
Subsidiaries	-	-	164,688	130,202
Related companies ⁽¹⁾	5,226	2,615	5,226	2,615
Related companies ⁽²⁾	6,862	3,230	6,862	3,230
Related company ⁽³⁾	52	435	52	435
Related companies ⁽⁴⁾	5,920	8,134	5,920	8,134
Total	18,060	14,414	182,748	144,616
<u>Rental guarantee deposits</u>				
Related company ⁽²⁾	5,921	5,921	5,921	5,921
Related company ⁽³⁾	1,515	1,515	1,515	1,515
Total	7,436	7,436	7,436	7,436
<u>Trade and other payables</u>				
Subsidiaries	-	-	83,835	28,662
Related company ⁽²⁾	2,189	2,152	2,189	2,152
Related companies ⁽⁴⁾	73,104	48,884	73,104	48,884
Total	75,293	51,036	159,128	79,698

Relationship with the related companies

(1) the major shareholders

(2) has common major shareholders

(3) has common shareholders

(4) has shareholders who related to director

(Unaudited but reviewed)

Directors and management's benefits

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2023	2022	2023	2022
Short-term benefits	54,097	74,485	51,211	69,758
Post-employment benefits	1,048	1,378	964	1,221
Total	<u>55,145</u>	<u>75,863</u>	<u>52,175</u>	<u>70,979</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2023	2022	2023	2022
Short-term benefits	133,788	144,046	121,863	131,146
Post-employment benefits	2,096	2,756	1,927	2,443
Total	<u>135,884</u>	<u>146,802</u>	<u>123,790</u>	<u>133,589</u>

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
Trade accounts receivable	199,292	374,493	353,173	489,401
Other receivables	1,410,043	1,685,748	1,383,313	1,659,514
Income receivables	7,426	8,653	7,180	8,399
Total trade and other receivables	<u>1,616,761</u>	<u>2,068,894</u>	<u>1,743,666</u>	<u>2,157,314</u>

(Unaudited but reviewed)

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
Trade accounts receivable	149,305	288,111	311,630	411,550
Credit card and coupon receivable	49,987	86,382	41,543	77,851
Total trade accounts receivable	199,292	374,493	353,173	489,401

The outstanding balances of trade accounts receivable as at 30 June 2023 and 31 December 2022 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
<u>Aged on the basis of due dates</u>				
Not yet due	157,310	275,643	158,539	272,492
Past due				
Up to 3 months	30,716	82,922	60,503	118,654
3 - 6 months	2,884	14,653	36,261	49,158
6 - 12 months	4,025	554	74,368	47,338
Over 12 months	4,357	721	23,502	1,759
Total trade receivables	199,292	374,493	353,173	489,401

(Unaudited but reviewed)

Other receivables

Other receivables mainly consist of receivables from sale support operation and area rental and related service receivables.

The outstanding balances of other receivables as at 30 June 2023 and 31 December 2022 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
<u>Aged on the basis of due dates</u>				
Not yet due	667,912	930,400	655,191	919,042
Past due				
Up to 3 months	721,670	723,736	709,153	711,352
3 - 6 months	4,465	13,295	4,435	12,930
6 - 12 months	5,631	20,308	5,222	19,667
Over 12 months	21,202	8,856	20,041	7,262
Total	1,420,880	1,696,595	1,394,042	1,670,253
Less: Allowance for expected credit losses	(10,837)	(10,847)	(10,729)	(10,739)
Total other receivables - net	1,410,043	1,685,748	1,383,313	1,659,514

4. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
Inventories	16,964,433	16,249,354	16,455,944	15,759,775
Less: Reduce cost to net realisable value	(615,576)	(594,390)	(597,255)	(576,906)
Net	16,348,857	15,654,964	15,858,689	15,182,869
Less: Inventories - repaid its cost when sold	(1,624,033)	(1,418,703)	(1,624,036)	(1,418,641)
Purchase discount	(654,182)	(606,182)	(654,182)	(606,182)
Total inventories - net	14,070,642	13,630,079	13,580,471	13,158,046

5. Investments in subsidiaries

Detail of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	(Unit: Thousand Baht)							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the period	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	30 June
	2023	2022	2023	2022	2023	2022	2023	2022
			(%)	(%)				
Market Village Company Limited	5,000	5,000	100.00	100.00	5,000	5,000	-	-
Home Product Center (Malaysia) Sdn. Bhd.	538,448	538,448	100.00	100.00	538,448	538,448	-	-
Mega Home Center Company Limited	1,500,000	1,500,000	99.99	99.99	1,500,000	1,500,000	225,000	-
DC Service Center Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	-	100,000
Home Product Center Viet Nam Company Limited	32,340	32,340	100.00	100.00	32,340	32,340	-	-
Total					2,078,288	2,078,288	225,000	100,000
Less: Allowance for impairment of investment					(80,199)	(50,199)		
Investments in subsidiaries - net					1,998,089	2,028,089		

On 3 April 2023, the Board of Directors' Meeting of Mega Home Center Company Limited passed a resolution to approved an interim dividend amounting to Baht 225 million. The Subsidiary has fully set aside a statutory reserve.

6. Investment in associate

Company's name	Nature of business	(Unit: Thousand Baht)							
		Consolidated financial statements				Separate financial statements			
		Shareholding percentage		Cost		Carrying amounts based on equity method		Carrying amounts based on cost method - net	
		30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
		(%)	(%)						
OneStockHome Company Limited	Online sale and service	30.00	30.00	68,706	68,706	65,926	66,756	68,706	68,706

7. Investment properties

Movements of the investment properties for the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2023	4,262,560	5,315,490
Acquisitions - at cost	6,493	6,493
Transfer to property, building and equipment - net book value	(300)	(300)
Disposals and written-off - net book value	(355)	(355)
Depreciation	(119,833)	(124,716)
Net book value as at 30 June 2023	<u>4,148,565</u>	<u>5,196,612</u>

8. Property, building and equipment

Movements of the property, building and equipment for the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2023	29,468,564	25,646,298
Acquisitions - at cost	2,176,929	2,173,884
Transfer from investment properties - net book value	300	300
Transfer from right-of-use assets - net book value	701	701
Disposals and written-off - net book value	(5,534)	(4,640)
Depreciation	(1,278,284)	(1,152,946)
Reversal allowance for impairment of assets	4,640	4,640
Translation adjustment	(4,569)	-
Net book value as at 30 June 2023	<u>30,362,747</u>	<u>26,668,237</u>

(Unaudited but reviewed)

9. Right-of-use assets

Movements of the right-of-use assets for the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2023	8,447,269	8,540,679
Additions - at cost	921,888	921,888
Transfer to property, building and equipment - net book value	(701)	(701)
Depreciation	(246,757)	(465,398)
Translation adjustment	(554)	-
Net book value as at 30 June 2023	<u>9,121,145</u>	<u>8,996,468</u>

10. Short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	30 June	31 December	30 June	31 December	30 June	31 December
	2023	2022	2023	2022	2023	2022
Bills of exchange - Baht	-	0.76	-	1,000,000	-	1,000,000
Bills of exchange - Foreign currency	4.41	4.12	60,762	74,200	-	-
Total short-term loans from financial institutions			<u>60,762</u>	<u>1,074,200</u>	<u>-</u>	<u>1,000,000</u>

As at 30 June 2023, the Group had overdraft lines from banks totaling Baht 370 million and MYR 2.5 million (31 December 2022: Baht 370 million and MYR 2.5 million) (The Company only: Baht 340 million, 31 December 2022: Baht 340 million) and other credit facilities totaling Baht 11,264 million, USD 36 million and MYR 107 million (31 December 2022: Baht 11,201 million, USD 44 million and MYR 91 million) (The Company only: Baht 11,015 million and USD 36 million, 31 December 2022: Baht 10,964 million and USD 44 million).

(Unaudited but reviewed)

11. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
Trade accounts payable	13,133,863	13,189,785	12,951,946	12,986,144
Other payables	518,842	558,268	525,123	534,372
Other payables for purchase of assets	797,928	896,110	797,888	895,985
Accrued expenses	1,067,149	1,167,715	1,041,084	1,160,779
Total trade and other payables	<u>15,517,782</u>	<u>15,811,878</u>	<u>15,316,041</u>	<u>15,577,280</u>

12. Lease liabilities

Movements of lease liabilities for six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
As at 1 January 2023	6,029,972	6,642,786
Additions	921,888	921,888
Increase from amortisation of deferred interest in the period	115,149	120,306
Payments	(931,091)	(1,174,056)
Translation adjustment	(593)	-
As at 30 June 2023	<u>6,135,325</u>	<u>6,510,924</u>
Less: current portion	<u>(159,279)</u>	<u>(655,830)</u>
Lease liabilities - net of current portion	<u>5,976,046</u>	<u>5,855,094</u>

(Unaudited but reviewed)

13. Long-term loans

			(Unit: Thousand Baht)	
			Consolidated financial statements	
Loan	Interest rate (% per annum)	Repayment schedule	30 June 2023	31 December 2022
1	COF* + 1.10	Monthly repayment since April 2019 to February 2025	32,710	46,030
2	COF* + 0.80	Monthly repayment since April 2024 to March 2029	119,246	122,625
Total long-term loans			151,956	168,655
Less: Current portion			(38,672)	(46,030)
Long-term loans - net of current portion			113,284	122,625

* The Bank's cost of fund ("COF")

Movement of the long-term loans for the six-month period ended 30 June 2023 are summarised below:

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2023	168,655
Repayments	(12,423)
Translation adjustment	(4,276)
Balance as at 30 June 2023	151,956

Long-term loans denominated in MYR were loan facilities granted by two overseas financial institutions for Home Product Center (Malaysia) Sdn. Bhd., the Company's 100% owned subsidiary. The loans were secured by a 100% corporate guarantee provided by the Company. The loan agreements contained covenants as specified in the agreements that, among other things, require the subsidiary to maintain a certain debt to equity ratio and the Company to maintain its shareholding, directly or indirectly, in the subsidiary of no less than 51% for the loan no. 1 and require the consolidated financial statement of the Company to maintain a certain debt to equity ratio for the loan no. 2.

(Unaudited but reviewed)

As at 30 June 2023, the loan no. 1 amounted to Baht 33 million (31 December 2022: Baht 46 million), of which on 22 April 2020, the subsidiary received a letter of consent allowing for a moratorium on principal repayment commencing from May 2020 to October 2020 and an extension of principal repayment for another 6 months. Subsequently, on 14 October 2021, the subsidiary received a letter of consent allowing for a moratorium on principal repayment commencing from November 2021 to April 2022 and an extension of principal repayment for another 6 months. The debt to equity ratio of the subsidiary was not in compliance with the conditions prescribed in the agreement. Therefore, the Group presented the balance of long-term loan as current liabilities in the consolidated financial statements. However, the Group is currently in negotiation with the bank on modification and amendment of the contractual conditions.

14. Debentures

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	30 June 2023	31 December 2022
Debentures	13,000,000	14,150,000
Less: Deferred interest	(47,508)	(89,202)
Debentures - net	12,952,492	14,060,798
Less: Current portion	(3,978,813)	(5,127,658)
Debentures - net of current portion	<u>8,973,679</u>	<u>8,933,140</u>

Movements in debentures account for the six-month period ended 30 June 2023 are summaries below:

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2023	14,150,000
Add: Issuance of debentures during the period	2,000,000
Less: Redemption of debentures	(3,150,000)
Balance as at 30 June 2023	<u>13,000,000</u>

(Unaudited but reviewed)

On 30 January 2023, the Company issued unsubordinated and unsecured debenture for a maturity period of 3 years. The number of units offered was 2 million units with a per value of Baht 1,000 each of a total of Baht 2,000 million with interest rate at of 2.39 per annum with interest payments every 6 months, issuing to institutional investor to repay debt from the issuance of debt instruments and/or to invest in the business and/or as working capital of the Company. The debenture is maturity on 30 January 2026.

Such debentures contain certain covenants and restrictions regarding the maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets.

15. Revenue from contracts with customers

Disaggregated revenue information

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2023	2022	2023	2022
Type of goods or service:				
Sale of goods related to houses and residences	17,565,454	16,136,945	17,249,419	13,878,519
Renovation and improvement services	67,103	70,847	67,103	70,847
Installation, maintenance and other services	156,276	110,810	152,819	104,140
Total revenue from contracts with customers	<u>17,788,833</u>	<u>16,318,602</u>	<u>17,469,341</u>	<u>14,053,506</u>
Timing of revenue recognition:				
Revenue recognised at a point in time	17,721,730	16,247,755	17,402,238	13,982,659
Revenue recognised over time	67,103	70,847	67,103	70,847
Total revenue from contracts with customers	<u>17,788,833</u>	<u>16,318,602</u>	<u>17,469,341</u>	<u>14,053,506</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2023	2022	2023	2022
Type of goods or service:				
Sale of goods related to houses and residences	34,604,413	31,718,351	33,987,714	27,292,702
Renovation and improvement services	128,703	157,347	128,703	157,347
Installation, maintenance and other services	279,187	203,841	272,694	191,174
Total revenue from contracts with customers	<u>35,012,303</u>	<u>32,079,539</u>	<u>34,389,111</u>	<u>27,641,223</u>
Timing of revenue recognition:				
Revenue recognised at a point in time	34,883,600	31,922,192	34,260,408	27,483,876
Revenue recognised over time	128,703	157,347	128,703	157,347
Total revenue from contracts with customers	<u>35,012,303</u>	<u>32,079,539</u>	<u>34,389,111</u>	<u>27,641,223</u>

Set out below, is a reconciliation of the revenue from contracts with customers with financial information classified by source of revenue.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month		For the three-month	
	periods ended 30 June		periods ended 30 June	
	2023	2022	2023	2022
Revenue from external customers	17,772,003	16,303,006	17,452,511	13,966,206
Revenue from related parties	42,868	89,352	16,830	87,300
	17,814,871	16,392,358	17,469,341	14,053,506
Eliminations	(26,038)	(73,756)	-	-
Total revenue from contracts with customers	<u>17,788,833</u>	<u>16,318,602</u>	<u>17,469,341</u>	<u>14,053,506</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2023	2022	2023	2022
Revenue from external customers	34,976,827	32,053,323	34,353,635	27,434,608
Revenue from related parties	94,933	210,803	35,476	206,615
	35,071,760	32,264,126	34,389,111	27,641,223
Eliminations	(59,457)	(184,587)	-	-
Total revenue from contracts with customers	<u>35,012,303</u>	<u>32,079,539</u>	<u>34,389,111</u>	<u>27,641,223</u>

16. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividend from operating results from July 2021 to December 2021	The Annual General Meeting of the shareholders on 8 April 2022	2,630	0.20
Total		<u>2,630</u>	
Dividend from operating results from July 2022 to December 2022	The Annual General Meeting of the shareholders on 7 April 2023	2,762	0.21
Total		<u>2,762</u>	

17. Segment information

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

The Group are principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences place, and provision for related services to retail and wholesale business, together with space rental and provide utilities service (as having revenue and/or operating profit and/or assets less than 10% of total revenue and/or total operating profit and/or total assets of all segments, which do not meet the quantitative thresholds as set out in the financial reporting standard).

Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets 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.

18. The Employee Joint Investment Program (EJIP)

On 25 April 2023, the Board of Directors' Meeting of the Company passed a resolution to approved the Employee Joint Investment Program (EJIP). The significant details are as follow:

The Company eligible under EJIP	Home Product Center Public Company Limited
The Period of EJIP	1 July 2023 to 30 June 2028, with a total duration of 5 years.
Eligible employees under EJIP	Employees at Division Manager or equivalent level on the voluntary basis. Directors and advisors of the Company are exclude from this program.
EJIP arrangement	The Company will make deduction from the payroll of eligible employees who voluntarily join the EJIP, at the rate not over 5% of the salary of each month. The Company will contribute 5% to 10% of the salary of each month.
EJIP buying schedule	Monthly basis.
Conditions for holding the securities	During the 1 st year - 3 rd year, employee cannot sell any shares After the 3 rd year, employee can sell 25% of shares accumulated After the 4 th year, employee can sell 50% of shares accumulated After the 5 th year, employee can sell all shares
EJIP program manager	Phillip Securities (Thailand) Public Company Limited

19. Commitments and contingent liabilities

19.1 Capital commitment

As at 30 June 2023 and 31 December 2022, the Company had capital commitments with several companies relating to the construction of retail stores. The obligations of construction are subject to the retail stores expansion and construction plan of each period determined by the management.

19.2 Rental lease commitment - as a lessee

As at 31 December 2022, the Company had future lease payments required under non-cancellable lease contracts that have not yet commenced amounting to Baht 395 million (30 June 2023: Nil).

19.3 Service commitments and land and building rental commitments

- a) The Company has entered into the inventory management services agreement with a subsidiary. Under the conditions of the agreement, the Company is to pay the monthly service fee at a percentage of the subsidiary's actual cost, as stipulated in the agreement.
- b) The Company has entered into land lease agreements with a subsidiary. The terms of the agreements are 3 years. Under the conditions of the agreements, the Company receives monthly rental fees at rates stipulated in the agreements. The agreements are non-cancelable, except with the consent of the counterparties.
- c) The Company has entered into building rental agreements and personnel management services agreement with a subsidiary. The terms of the agreements are 2 years 6 months. Under the conditions of the agreements, the Company is to pay the monthly rental fees and service fee as stipulated in the agreement. The agreements are non-cancelable, except with the consent of the counterparties.

19.4 Long-term lease agreements - as a lessor

As at 30 June 2023, the Company has entered into 5 agreements (31 December 2022: 5 agreements) with 4 companies (31 December 2022: 4 companies). To lease and/or sub-lease parts of its premises in 5 branches (31 December 2022: 5 branches). The periods between 18 to 30 years, with a total of rental received in advance amounting Baht 543 million (31 December 2022: Baht 572 million). The terms of the agreements are ended in the year 2033 to the year 2052. The Company recognised this income systematically on a straight-line basis over the lease periods which are the useful lives of the leaseholds.

As at 30 June 2023, the outstanding balance of rental received in advance, net of recognised rental income was Baht 224 million (31 December 2022: Baht 233 million).

19.5 Guarantees

- a) As at 30 June 2023, the Group has outstanding bank guarantees of Baht 163 million and MYR 2 million (31 December 2022: Baht 190 million and MYR 1 million) (The Company only: Baht 150 million, 31 December 2022: Baht 165 million) issued by banks on behalf of the Group in respect of guarantees provided for leasing, purchases of goods or hire of work, and as bonds with State Enterprise. The bank guarantee of Baht 13 million and MYR 2 million (31 December 2022: Baht 25 million and MYR 1 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 30 June 2023, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 0.3 million and CNY 2.9 million (31 December 2022: USD 0.3 million and CNY 9.6 million).
- c) As at 30 June 2023, the Company secured credit facilities of its subsidiaries of Baht 280 million and MYR 148 million (31 December 2022: Baht 280 million and MYR 133 million) to financial institutions.

19.6 Litigation

- a) As at 30 June 2023, the Group has legal cases for a total claimed amount of Baht 6.7 million (31 December 2022: Baht 7.3 million) (The Company only: Baht 6.7 million 31 December 2022: Baht 7.1 million) which are currently being considered by the Court. The legal department of the Company believes that the outcome of these cases will not have significant effect to the Company. As such, the Company has not set aside any amount of provision in the financial statements.
- b) In July 2022, a financial institution, which accepted the transfer of claims under factoring contracts being entered with a supplier, filed a lawsuit demanding the Company to make payments under the contacts. The case is currently being considered by the Court. However, the Company had already completed the payments of outstanding debt to the supplier during November 2018 to March 2021. The Company's management took into account related transactions and noted that they were made correctly. As a result, the Company has not set aside any amount of provision for contingent liabilities from this case in the financial statements.

19.7 Forward contracts

As at 30 June 2023 and 31 December 2022, forward contracts outstanding are summarised below.

Consolidated and Separate financial statements					
As at 30 June 2023					
Foreign currency	Bought amount	Sold Amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	7	-	34.05 - 34.76	-	Within December 2023
CNY	103	-	4.86 - 4.95	-	Within December 2023

Consolidated and Separate financial statements					
As at 31 December 2022					
Foreign currency	Bought amount	Sold Amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	7	-	34.11 - 37.15	-	Within June 2023
CNY	42	-	5.13 - 5.21	-	Within May 2023

20. Financial Instrument**Fair value 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 rates, their fair value except debentures are not expected to be materially different from the amounts presented in the statements of financial position. The estimated fair value of debentures, in comparison with the related amount carried in the statement of financial position, is as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements			
	30 June 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liability				
Debentures	12,952	12,902	14,061	14,057

21. Approval of interim financial information

This interim financial information was authorised for issue by the Company's authorised directors on 24 July 2023.