

**Home Product Center Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2022**

**1. 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 31 December 2022, the Group has a total of 116 branches (2021: 114 branches) (the Company only: 109 branches, 2021: 95 branches).

**2. Basis of preparation**

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Home Product Center Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2022	2021
			Percent	Percent
Market Village Company Limited	Management of leasing space together with provision of facilities services	Thailand	100.00	100.00
Home Product Center (Malaysia) Sdn. Bhd.	Retailing of home improvement products as One Stop Shopping	Malaysia	100.00	100.00
Mega Home Center Company Limited	Retailing and wholesaling of construction and home improvement products	Thailand	99.99	99.99
DC Service Center Company Limited	Warehousing management and distribution service	Thailand	99.99	99.99
Home Product Center Viet Nam Company Limited	Retailing and wholesaling of construction and home improvement products	Vietnam	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiaries 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) Subsidiaries are 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 subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
- g) Non-controlling interests represents the portion of profit or loss and net assets of the subsidiaries that is 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.

2.3 The separate financial statements present investments in subsidiaries and associate 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 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and 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 2023**

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 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 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 an 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 upon 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 discounts.

##### *Sales of goods - Customer loyalty programmes*

The Group operates a loyalty programmes which allows customers to accumulate points when they purchase products in the Group's retail stores. The points can then be redeemed for discount of goods purchase in the future. Certain sales consideration is allocated to the points issued, at their fair value. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed and the Group fulfill their obligations.

### *Vendors income*

The Group has agreements with vendors as normal business practice, for volume-related allowances, and sale promotion campaign and marketing allowances. Vendors income is recognised when all obligations are met and can be measured reliably based on the terms of the contract. Portion of vendors income is recognised as a reduction in cost of sales and inventory. Uncollected amount are presented in the statements of financial position as “Other receivables” or otherwise are offset with “Trade account payables” depending on the condition in the contracts.

### *Rendering of services*

Service revenue is recognised when services have been rendered.

Service revenue is recognised in the amount to which the Group has a right to invoice as it corresponds directly with the value to the customer of the Group’s performance completed to date.

### *Dividends*

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

### *Finance income*

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

### *Finance cost*

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

## **4.2 Cash and cash equivalents**

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

## **4.3 Inventories**

Inventories are valued at the lower of cost (under the weighted average method) and net realisable value.

Volume incentives received from the supplier are accounted for as a reduction of the value of inventories and recognised in profit or loss when the related inventories are sold.

#### **4.4 Investments in subsidiaries and associate**

Investment in associate is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associate are accounted for in the separated financial statements using the cost method, net of allowance for impairment loss (if any).

#### **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 accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated economic useful lives of 3 - 48 years. No depreciation is provided on land and assets under installation and under construction. Depreciation of the investment properties is included in determining income.

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 year when the asset is derecognised.

#### **4.6 Property, building and equipment/Depreciation**

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

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

Building	-	20 - 30 years
Building on lease land and building improvement	-	useful lives but not over lease periods
Equipment and machine	-	1 - 10 years
Furniture, fixtures and office equipment	-	3 - 10 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and under construction.

An item of property, building 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 the profit or loss when the asset is derecognised.

#### **4.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.8 Intangible assets**

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets (computer software) with finite lives are amortised on the straight-line basis over the economic useful life (10 years) 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.

#### **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 applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the 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 accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

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

Land and land improvement	-	2 - 32	years
Building	-	2 - 30	years
Motor vehicles	-	2 - 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.

Right-of-use assets which are classified as investment properties are presented as part of investment properties in the statement of financial position.

### ***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 discounted 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 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 functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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 rates 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, building 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. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of 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, 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.

##### ***Employee Joint Investment Program (EJIP)***

The Group has established an Employee Joint Investment Program (EJIP). The program is monthly contributed by eligible employees and by the Group to EJIP participant. The detail of the program are as described in Note 22. The Group's contributions 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 and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the 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, 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 profit or loss when the asset is derecognised, modified or impaired.

### ***Financial assets at FVTPL***

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

These financial assets include derivatives 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 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 discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

### **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 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. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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 Derivative**

The Group uses derivative, forward currency contracts, to reduce its foreign currency risks.

Derivative is initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivative is carried as financial asset when the fair value is positive and as financial liability when the fair value is negative.

Derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### **4.18 Fair value measurement**

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

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

- Level 1 - Use of quoted market prices in an 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:

### **Allowance for diminution in value of inventories**

The determination of allowance for diminution in the value of inventories with regard to lost, damaged or obsolete inventories, requires management to make judgements and estimates. This requires detailed analysis of the product life cycle, useful life of each type of inventory, the competitive environment, economic circumstances and the situation within the industry.

### **Leases**

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

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 as a lessee***

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 to discount lease liabilities. The incremental borrowing rate 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.

#### ***Lease classification - The Group as lessor***

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

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

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

### **Investment properties, property, building and equipment and right-of-use assets/ Depreciation/Impairment**

In determining depreciation of investment properties, building and equipment and right-of-use assets, the management is required to make estimates of the useful lives and salvage values of the Group's investment properties, building and equipment and right-of-use assets and to review estimate useful lives and salvage values when there are any changes.

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

### **Deferred tax assets**

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

### **Allowance for impairment of investment in subsidiaries and associate**

In determining allowance for impairment of the investment in subsidiaries and associate, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, its value in use. 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.

## 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.

## Litigation

The Group has contingent liabilities as a result of litigation. The Group's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

## 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 Group and those related parties.

	(Unit: Thousand Baht)				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2022	2021	2022	2021	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	251,197	309,956	Cost plus margin
Rental and service income	-	-	46,211	45,149	Baht 3.8 million per month (2021: Baht 3.7 million per month)
Management service income	-	-	19,769	35,339	Actual cost and contract price
Service income	-	-	74,694	144,090	Actual cost and contract price
Dividend income	-	-	407,999	-	As declared
Interest income	-	-	18,079	46,558	3% per annum
Rental and service expenses	-	-	574,429	392,632	Actual cost and contract price
Other expenses	-	-	39,505	17,923	Actual cost
Purchases of assets	-	-	2,217,123	329	Net book value plus margin
<b><u>Transactions with related companies</u></b>					
Sales income	53,713	55,382	53,020	54,177	Market price
Rental and service income	8,614	13,108	8,762	11,616	Contract price
Other income	49,543	60,039	48,434	56,817	Contract price
Interest income	3,430	5,820	3,421	5,747	0.15% - 0.65% per annum (2021: 0.15% - 0.40% per annum)
Rental and service expenses	39,214	38,629	36,065	35,950	Percentage of revenue but not less than a minimum rate
Purchases of goods and assets	384,834	354,735	368,020	305,759	As mutually agreed upon comparing market price



Rental income, management service income, service income, rental expense and service expense with subsidiaries were described in Note 32.3.

As at 31 December 2022 and 2021, the Group had the outstanding balances with related parties which had been included in the following accounts:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b><u>Deposits with financial institution</u></b>				
(included in cash and cash equivalents)				
Related company <sup>(2)</sup>	572,280	3,921,159	550,910	3,889,563
<b><u>Trade and other receivables</u></b>				
Subsidiaries	-	-	130,202	151,706
Related companies <sup>(1)</sup>	2,615	4,726	2,615	4,726
Related companies <sup>(2)</sup>	3,230	3,643	3,230	3,720
Related companies <sup>(3)</sup>	435	1,366	435	806
Related companies <sup>(4)</sup>	8,134	13,045	8,134	12,686
Total	14,414	22,780	144,616	173,644
<b><u>Short-term loans to related party</u></b>				
Subsidiary	-	-	-	1,234,000
<b><u>Rental guarantee deposits</u></b>				
Related company <sup>(2)</sup>	5,921	5,921	5,921	5,921
Related company <sup>(3)</sup>	1,515	1,425	1,515	1,425
Total	7,436	7,346	7,436	7,346
<b><u>Trade and other payables</u></b>				
Subsidiaries	-	-	28,662	40,784
Related company <sup>(2)</sup>	2,152	5,067	2,152	5,067
Related company <sup>(3)</sup>	-	167	-	167
Related companies <sup>(4)</sup>	48,884	81,793	48,884	77,699
Total	51,036	87,027	79,698	123,717
Relationship with the related companies				
<sup>(1)</sup> the major shareholders				
<sup>(2)</sup> has common major shareholders				
<sup>(3)</sup> has common shareholders				
<sup>(4)</sup> has shareholders who related to director				

### Short-term loans to related party

As at 31 December 2021, the Company had granted unsecured loans to a subsidiary on which interest was payable on a monthly basis at a rate of 3.00% per annum. The loans were repayable at call. Movements in the balance of the loans during the year were as follow:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 December 2022
	Balance as at 1 January 2022	During the year		
		Increase	Decrease	
<b>Short-term loans to related party</b>				
Mega Home Center Company Limited	1,234,000	2,190,000	(3,424,000)	-

### Directors and management's benefits

During the year ended 31 December 2022 and 2021, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	Short-term benefits	225,549	208,911	204,135
Post-employment benefits	5,512	4,893	4,887	4,213
Total	231,061	213,804	209,022	193,735

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	Cash	96,992	114,264	92,188
Bank deposits	4,813,306	530,055	4,502,210	254,479
Fixed deposits	510,000	3,901,647	510,000	3,875,000
Total	5,420,298	4,545,966	5,104,398	4,216,397

As at 31 December 2022, bank deposits in saving accounts and fixed deposits carried interests between 0.15% - 0.65% per annum (2021: 0.05% - 0.40% per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2022	2021	2022	2021
Trade accounts receivable	374,493	166,849	489,401	268,249
Other receivables	1,685,748	1,502,422	1,659,514	1,402,477
Income receivables	8,653	5,602	8,399	5,592
Total trade and other receivables	<u>2,068,894</u>	<u>1,674,873</u>	<u>2,157,314</u>	<u>1,676,318</u>

### Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2022	2021	2022	2021
Trade accounts receivable	288,111	78,843	411,550	185,213
Credit card and coupon receivable	86,382	88,006	77,851	83,036
Total trade accounts receivable	<u>374,493</u>	<u>166,849</u>	<u>489,401</u>	<u>268,249</u>

The outstanding balances of trade accounts receivable as at 31 December 2022 and 2021 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2022	2021	2022	2021
<b>Aged on the basis of due dates</b>				
Not yet due	275,643	143,753	272,492	144,067
Past due				
Up to 3 months	82,922	21,402	118,654	55,059
3 - 6 months	14,653	924	49,158	5,984
6 - 12 months	554	39	47,338	50,702
Over 12 months	721	731	1,759	12,437
Total trade receivables	<u>374,493</u>	<u>166,849</u>	<u>489,401</u>	<u>268,249</u>

The normal credit term of trade accounts receivable is 30 to 90 days.

## 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 31 December 2022 and 2021 are aged as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b>Aged on the basis of due dates</b>				
Not yet due	930,400	789,212	919,042	740,911
Past due				
Up to 3 months	723,736	683,821	711,352	635,152
3 - 6 months	13,295	15,305	12,930	14,508
6 - 12 months	20,308	22,428	19,667	21,152
Over 12 months	8,856	6,806	7,262	3,539
Total	1,696,595	1,517,572	1,670,253	1,415,262
Less: Allowance for expected credit losses	(10,847)	(15,150)	(10,739)	(12,785)
Total other receivables - net	<u>1,685,748</u>	<u>1,502,422</u>	<u>1,659,514</u>	<u>1,402,477</u>

The normal credit term of other receivables is 30 to 60 days.

Set out below is the movements in the allowance for expected credit losses of other receivables.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Beginning balance	15,150	15,157	12,785	12,792
Amount written off	(3,734)	(7)	(2,046)	(7)
Reversal	(569)	-	-	-
Ending balance	<u>10,847</u>	<u>15,150</u>	<u>10,739</u>	<u>12,785</u>

## 9. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Inventories	16,249,354	15,197,877	15,759,775	12,496,477
Less: Reduce cost to net realisable value	(594,390)	(654,216)	(576,906)	(601,761)
Net	15,654,964	14,543,661	15,182,869	11,894,716
Less: Inventories - repaid its cost				
when sold	(1,418,703)	(1,401,525)	(1,418,641)	(1,159,527)
Purchase discount	(606,182)	(569,934)	(606,182)	(485,336)
Inventories - net	13,630,079	12,572,202	13,158,046	10,249,853

During the current year, the Group reduced cost of inventories by Baht 41 million (2021: Baht 106 million) (the Company only: Baht 70 million, 2021: Baht 84 million), to reflect the net realisable value. This was included in administrative expenses. In addition, the Group reversed the write-down of cost of inventories by Baht 101 million (2021: Baht 46 million) (the Company only: Baht 95 million, 2021: Baht 35 million), and reduced the amount of inventories recognised as expenses during the year.

## 10. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Prepaid expenses	75,168	96,437	54,079	69,069
Suspend input value added tax	74,554	26,229	73,861	21,640
Others	25,768	4,155	25,359	2,156
Total other current assets	175,490	126,821	153,299	92,865

## 11. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2022	2021	2022	2021	2022	2021	2022	2021
			(%)	(%)				
Market Village Company Limited	5,000	5,000	100.00	100.00	5,000	5,000	8,000	-
Home Product Center (Malaysia) Sdn. Bhd.	538,448	538,448	99.99	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	300,000	-
DC Service Center Company Limited	2,500	2,500	100.00	99.99	2,500	2,500	99,999	-
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	407,999	-
Less: Allowance for impairment of investment					(50,199)	(50,199)		
Investments in subsidiaries - net					2,028,089	2,028,089		

On 17 October 2022, the Board of Directors' Meeting of Mega Home Center Company Limited passed a resolution to approved an interim dividend amounting to Baht 300 million and a resolution to set aside to a statutory reserve amounting to Baht 150 million. The Subsidiary has fully set aside a statutory reserve.

## 12. Investments in associate

### 12.1 Details of associate

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		(Unit: Thousand Baht) Carrying amounts based on equity method	
			2022	2021	2022	2021	2022	2021
			(%)	(%)				
OneStockHome Company Limited	Online sale and service	Thailand	30.00	-	68,706	-	66,756	-

  

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		(Unit: Thousand Baht) Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2022	2021	2022	2021	2022	2021	2022	2021
			(%)	(%)						
OneStockHome Company Limited	Online sale and service	Thailand	30.00	-	68,706	-	-	-	68,706	-

In February 2022, the Company has entered into an agreement on share purchase and subscription with the current shareholders of OneStockHome Company Limited. The Company has paid Baht 68.7 million for 37,792 preferred shares at Baht 1,818 per share (par value of Baht 10 per share) on 8 March 2022 and 3 May 2022.

The preferred shares of this company have right to receive dividends equal to the ordinary shares. In addition, the preferred shareholders have right to receive any payments either from a key person as identified or from the capital or assets of this company first, in accordance with the Articles of Association of this company when the liquidation occurs.

### 13. Investment properties

The net book value of investment properties as at 31 December 2022 and 2021 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statement				
	Land and land improvement	Building and equipment	Right-of-use assets for rent	Assets under installation and under construction	Total
As at 31 December 2022					
Cost	974,686	5,107,549	886,991	1,470	6,970,696
Less: Accumulated depreciation	-	(2,518,998)	(189,138)	-	(2,708,136)
Net book value	<u>974,686</u>	<u>2,588,551</u>	<u>697,853</u>	<u>1,470</u>	<u>4,262,560</u>
As at 31 December 2021					
Cost	150,000	5,099,326	886,991	1,225	6,137,542
Less: Accumulated depreciation	-	(2,300,287)	(162,551)	-	(2,462,838)
Net book value	<u>150,000</u>	<u>2,799,039</u>	<u>724,440</u>	<u>1,225</u>	<u>3,674,704</u>

(Unit: Thousand Baht)

	Separate financial statement				
	Land and land improvement	Building and equipment	Right-of-use assets for rent	Assets under installation and under construction	Total
As at 31 December 2022					
Cost	1,817,666	5,107,549	1,165,684	1,470	8,092,369
Less: Accumulated depreciation	-	(2,518,998)	(257,881)	-	(2,776,879)
Net book value	<u>1,817,666</u>	<u>2,588,551</u>	<u>907,803</u>	<u>1,470</u>	<u>5,315,490</u>
As at 31 December 2021					
Cost	992,980	5,099,326	1,165,684	1,225	7,259,215
Less: Accumulated depreciation	-	(2,300,287)	(221,447)	-	(2,521,734)
Net book value	<u>992,980</u>	<u>2,799,039</u>	<u>944,237</u>	<u>1,225</u>	<u>4,737,481</u>

A reconciliation of the net book value of investment properties for the years 2022 and 2021 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Net book value at beginning of year	3,674,704	3,880,053	4,737,481	4,952,678
Additions	8,508	57,662	8,508	57,662
Transfer from property, building and equipment - net book value	824,686	-	824,686	-
Disposals and written-off - net book value	(17)	(230)	(17)	(230)
Depreciation (included in administrative expenses)	(245,321)	(262,781)	(255,168)	(272,629)
Net book value at end of year	<u>4,262,560</u>	<u>3,674,704</u>	<u>5,315,490</u>	<u>4,737,481</u>

During the year, the Company has transferred land and improvement, which is part of the property, building and equipment to investment properties according to the change of usage objective.

The fair value of the investment properties as at 31 December 2022 and 2021 stated below:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Fair value	8,252	6,121	9,469	6,738

The fair value of most of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of land has been determined using marketing approach. The fair value of the building and right-of-use assets held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, occupancy rate and long-term growth in real rental rates.



## 14. Property, building and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Building and improvement	Equipment and machine	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
As at 1 January 2021	9,055,646	31,869,318	1,594,976	8,538,048	6,663	49,924	51,114,575
Additions	-	110,743	76,731	237,075	-	828,649	1,253,198
Transfer from right-of-use assets	-	-	-	-	7,209	-	7,209
Disposals and written-off	-	(69,234)	(60,653)	(121,423)	(7,209)	(319)	(258,838)
Transfers in (out)	-	599,025	65,295	75,677	-	(739,997)	-
Translation adjustment	-	23,897	1,693	21,904	-	60	47,554
31 December 2021	9,055,646	32,533,749	1,678,042	8,751,281	6,663	138,317	52,163,698
Additions	589,568	151,819	85,888	349,134	785	3,900,724	5,077,918
Transfer to investment properties	(824,686)	-	-	-	-	-	(824,686)
Transfer from right-of-use assets	-	-	-	-	9,423	-	9,423
Disposals and written-off	-	(81,826)	(42,809)	(366,495)	(9,486)	-	(500,616)
Transfers in (out)	110,062	1,692,805	59,534	211,428	-	(2,073,829)	-
Translation adjustment	-	(6,639)	(481)	(6,171)	-	-	(13,291)
As at 31 December 2022	8,930,590	34,289,908	1,780,174	8,939,177	7,385	1,965,212	55,912,446
<b>Accumulated depreciation:</b>							
As at 1 January 2021	-	14,100,252	839,759	7,362,288	5,521	-	22,307,820
Depreciation for the year	-	1,735,705	192,341	488,284	462	-	2,416,792
Transfer from right-of-use assets	-	-	-	-	3,877	-	3,877
Depreciation on disposals and written-off	-	(45,553)	(60,580)	(106,134)	(3,877)	-	(216,144)
Translation adjustment	-	7,406	1,593	17,934	-	-	26,933
As at 31 December 2021	-	15,797,810	973,113	7,762,372	5,983	-	24,539,278
Depreciation for the year	-	1,731,779	184,502	449,061	331	-	2,365,673
Transfer from right-of-use assets	-	-	-	-	5,327	-	5,327
Depreciation on disposals and written-off	-	(75,460)	(42,723)	(362,424)	(5,365)	-	(485,972)
Translation adjustment	-	(2,549)	(445)	(5,577)	-	-	(8,571)
As at 31 December 2022	-	17,451,580	1,114,447	7,843,432	6,276	-	26,415,735
<b>Allowance for impairment loss:</b>							
As at 1 January 2021	9,400	37,198	-	19,000	-	-	65,598
Increase during the year	-	3,186	-	-	-	-	3,186
Decrease during the year	-	-	-	(3,410)	-	-	(3,410)
Written-off	-	(12,700)	-	(14,500)	-	-	(27,200)
Translation adjustment	-	2,074	-	-	-	-	2,074
As at 31 December 2021	9,400	29,758	-	1,090	-	-	40,248
Decrease during the year	(9,400)	(948)	-	-	-	-	(10,348)
Written-off	-	(800)	-	(400)	-	-	(1,200)
Translation adjustment	-	(553)	-	-	-	-	(553)
As at 31 December 2022	-	27,457	-	690	-	-	28,147
<b>Net book value:</b>							
As at 31 December 2021	9,046,246	16,706,181	704,929	987,819	680	138,317	27,584,172
As at 31 December 2022	8,930,590	16,810,871	665,727	1,095,055	1,109	1,965,212	29,468,564
<b>Depreciation for the year</b>							
2021 (Baht 2,325 million included in selling, distribution and service expenses, and the balance in administrative expenses)							2,416,792
2022 (Baht 2,258 million included in selling, distribution and service expenses, and the balance in administrative expenses)							2,365,673

(Unit: Thousand Baht)

## Separate financial statements

	Land and land improvement	Building and building improvement	Equipment and machine	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
As at 1 January 2021	8,063,166	27,050,503	1,528,922	7,345,400	5,585	41,858	44,035,434
Additions	-	76,891	73,395	168,344	-	803,997	1,122,627
Transfer from right-of-use assets	-	-	-	-	7,209	-	7,209
Disposals and written-off	-	(40,257)	(54,169)	(119,817)	(7,209)	(320)	(221,772)
Transfers in (out)	-	579,584	65,295	70,123	-	(715,002)	-
As at 31 December 2021	8,063,166	27,666,721	1,613,443	7,464,050	5,585	130,533	44,943,498
Additions	589,568	172,575	86,892	397,716	984	3,890,745	5,138,480
Transfer to investment properties	(824,686)	-	-	-	-	-	(824,686)
Transfer from right-of-use assets	-	-	-	-	9,423	-	9,423
Disposals and written-off	-	(69,166)	(41,785)	(291,569)	(9,486)	-	(412,006)
Transfers in (out)	110,062	1,679,004	59,534	207,466	-	(2,056,066)	-
As at 31 December 2022	7,938,110	29,449,134	1,718,084	7,777,663	6,506	1,965,212	48,854,709
<b>Accumulated depreciation:</b>							
As at 1 January 2021	-	12,580,164	779,995	6,282,854	4,742	-	19,647,755
Depreciation for the year	-	1,471,193	186,947	401,848	402	-	2,060,390
Transfer from right-of-use assets	-	-	-	-	3,877	-	3,877
Depreciation on disposals and written-off	-	(24,461)	(54,096)	(104,561)	(3,877)	-	(186,995)
As at 31 December 2021	-	14,026,896	912,846	6,580,141	5,144	-	21,525,027
Depreciation for the year	-	1,479,804	182,719	412,672	291	-	2,075,486
Transfer from right-of-use assets	-	-	-	-	5,327	-	5,327
Depreciation on disposals and written-off	-	(67,231)	(41,699)	(287,774)	(5,365)	-	(402,069)
As at 31 December 2022	-	15,439,469	1,053,866	6,705,039	5,397	-	23,203,771
<b>Allowance for impairment loss:</b>							
As at 1 January 2021	9,400	16,000	-	19,000	-	-	44,400
Increase during the year	-	2,350	-	-	-	-	2,350
Decrease during the year	-	-	-	(3,410)	-	-	(3,410)
Written-off	-	(12,700)	-	(14,500)	-	-	(27,200)
As at 31 December 2021	9,400	5,650	-	1,090	-	-	16,140
Decrease during the year	(9,400)	(900)	-	-	-	-	(10,300)
Written-off	-	(800)	-	(400)	-	-	(1,200)
As at 31 December 2022	-	3,950	-	690	-	-	4,640
<b>Net book value:</b>							
As at 31 December 2021	8,053,766	13,634,175	700,597	882,819	441	130,533	23,402,331
As at 31 December 2022	7,938,110	14,005,715	664,218	1,071,934	1,109	1,965,212	25,646,298
<b>Depreciation for the year</b>							
2021 (Baht 1,970 million included in selling, distribution and service expenses, and the balance in administrative expenses)							2,060,390
2022 (Baht 1,969 million included in selling, distribution and service expenses, and the balance in administrative expenses)							2,075,486

As at 31 December 2022, certain building and equipment items have been 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 10,793 million (2021: Baht 10,807 million) (the Company only: Baht 10,536 million, 2021: Baht 9,682 million).

## 15. Computer software

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
As at 1 January 2021	1,020,618	968,863
Acquisitions during the year	109,089	107,601
Written-off	(35,618)	(35,618)
Translation adjustment	193	-
As at 31 December 2021	1,094,282	1,040,846
Acquisitions during the year	53,505	59,443
Written-off	(401)	(401)
Translation adjustment	(32)	-
As at 31 December 2022	1,147,354	1,099,888
<b>Accumulated amortisation</b>		
As at 1 January 2021	531,748	494,051
Amortisation for the year (included in administrative expenses)	92,922	87,699
Amortisation on written-off	(35,618)	(35,618)
Translation adjustment	71	-
As at 31 December 2021	589,123	546,132
Amortisation for the year (included in administrative expenses)	87,740	84,999
Amortisation on written-off	(401)	(401)
Translation adjustment	(24)	-
As at 31 December 2022	676,438	630,730
<b>Net book value</b>		
As at 31 December 2021	505,159	494,714
As at 31 December 2022	470,916	469,158

## 16. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	2022	2021	2022	2021	2022	2021
Bill of exchange - Baht	0.76	0.58	1,000,000	1,000,000	1,000,000	1,000,000
Bill of exchange - Foreign currency	4.12	3.01 - 3.44	74,200	231,829	-	-
Total short-term loans from financial institutions			<u>1,074,200</u>	<u>1,231,829</u>	<u>1,000,000</u>	<u>1,000,000</u>

As at 31 December 2022, the Group had overdraft lines from banks totaling Baht 370 million and MYR 2.5 million (2021: Baht 340 million and MYR 2.5 million) (the Company only: Baht 340 million, 2021: Baht 310 million) and other credit facilities totaling Baht 11,201 million, USD 44 million and MYR 91 million (2021: Baht 11,437 million, USD 40 million and MYR 70 million) (the Company only: Baht 10,964 million and USD 44 million, 2021: Baht 11,204 million and USD 40 million).

## 17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Trade accounts payable	13,189,785	12,253,471	12,986,144	10,743,269
Other payables	558,268	603,917	534,372	533,278
Other payables for purchase of assets	896,110	242,453	895,985	237,205
Accrued expenses	1,167,715	872,778	1,160,779	796,593
Total trade and other payables	<u>15,811,878</u>	<u>13,972,619</u>	<u>15,577,280</u>	<u>12,310,345</u>

## 18. Leases

### 18.1 The Group as a lessee

The Group has lease contracts for various items of property, building, and equipment used in its operations. Leases generally have lease terms between 2 - 32 years.

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

Movements of right-of-use assets for the years ended 31 December 2022 and 2021 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	Land and land improvement	Building	Motor vehicles	Total
As at 1 January 2021	4,243,603	1,855,614	12,769	6,111,986
Acquisitions	758,528	397,510	9,010	1,165,048
Transfer to property, building and equipment - net book value	-	-	(3,332)	(3,332)
Depreciation for the year	(206,696)	(224,906)	(3,815)	(435,417)
Difference from rental reduction	-	(181,976)	-	(181,976)
Translation adjustment	-	2,905	-	2,905
As at 31 December 2021	4,795,435	1,849,147	14,632	6,659,214
Acquisitions	1,917,895	339,942	3,407	2,261,244
Transfer to property, building and equipment - net book value	-	-	(4,095)	(4,095)
Depreciation for the year	(248,694)	(204,667)	(4,036)	(457,397)
Written-off - net book value	-	(83)	-	(83)
Decrease from rental period reduction	-	(10,864)	-	(10,864)
Translation adjustment	-	(750)	-	(750)
As at 31 December 2022	6,464,636	1,972,725	9,908	8,447,269

  

	(Unit: Thousand Baht)			
	Separate financial statements			
	Land and land improvement	Building	Motor vehicles	Total
As at 1 January 2021	3,270,777	1,845,625	12,769	5,129,171
Acquisitions	758,528	302,952	9,010	1,070,490
Transfer to property, building and equipment - net book value	-	-	(3,332)	(3,332)
Depreciation for the year	(169,320)	(184,739)	(3,815)	(357,874)
Difference from rental reduction	-	(181,976)	-	(181,976)
As at 31 December 2021	3,859,985	1,781,862	14,632	5,656,479
Acquisitions	1,937,033	1,595,966	3,407	3,536,406
Transfer to property, building and equipment - net book value	-	-	(4,095)	(4,095)
Depreciation for the year	(214,328)	(418,800)	(4,036)	(637,164)
Written-off - net book value	-	(83)	-	(83)
Decrease from rental period reduction	-	(10,864)	-	(10,864)
As at 31 December 2022	5,582,690	2,948,081	9,908	8,540,679

The movements of right-of-use assets exclude the right-of-use assets which are classified as investment property and presented in Note 13.

**b) Lease liabilities**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Lease payments	9,775,289	7,464,558	10,192,147	6,770,450
Less: Deferred interest expenses	(3,745,317)	(2,351,828)	(3,549,361)	(2,116,017)
Total	6,029,972	5,112,730	6,642,786	4,654,433
Less: Portion due within one year	(189,014)	(247,268)	(665,947)	(201,780)
Lease liabilities - net of current portion	<u>5,840,958</u>	<u>4,865,462</u>	<u>5,976,839</u>	<u>4,452,653</u>

Movements of the lease liability account during the years ended 31 December 2022 and 2021 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Beginning balance	5,112,730	4,622,624	4,654,433	4,220,824
Additions	2,261,244	1,166,153	3,536,405	1,071,595
Increase from amortisation of deferred interest in				
the year	190,566	156,514	190,017	142,313
Payments	(1,522,887)	(597,962)	(1,727,185)	(546,998)
Decrease from rental period reduction	(10,884)	(208,196)	(10,884)	(208,196)
Rental reduction	-	(29,088)	-	(25,105)
Translation adjustment	(796)	2,685	-	-
Ending balance	<u>6,029,972</u>	<u>5,112,730</u>	<u>6,642,786</u>	<u>4,654,433</u>

A maturity analysis of lease payments is disclosed in Note 34.2 under the liquidity risk.

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Depreciation expense of right-of-use assets	483,984	454,560	673,597	394,355
Interest expense on lease liabilities	190,566	156,514	190,017	142,313
Expense relating to short-term leases	30,206	41,816	28,237	40,975
Expense relating to leases of low-value assets	26,409	23,606	23,128	20,195
Expense relating to variable lease payments that do not depend on an index or a rate	160,249	67,392	139,772	67,392

The Group has lease contracts for building space that contains variable payments based on sales. The lease term is 1 - 30 years.

**d) Others**

The Group had total cash outflows for leases for the year ended 31 December 2022 of Baht 1,740 million (2021: Baht 731 million) (the Company only: Baht 1,918 million, 2021: Baht 676 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 32.2.

**18.2 Group as a lessor**

The Group has entered into operating leases for its investment properties portfolio consisting of property, building, and right-of-use assets of lease land (see Note 13) of the lease terms are between 3 to 30 years.

The Group has future minimum rentals receivable under non-cancellable operating leases of investment properties as at 31 December 2022 and 2021 as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Within 1 year	19,134	19,748	67,418	62,539
Over 1 and up to 5 years	76,537	78,992	118,898	103,696
Over 5 years	137,379	281,564	137,379	281,564
Total	233,050	380,304	323,695	447,799

During 2022 the Group has sub-lease income amounting to Baht 22 million (2021: Baht 34 million) (the Company only: Baht 64 million, 2021: Baht 76 million).

As at 31 December 2022 and 2021, the Company has entered into 5 agreements with 4 companies to lease and/or sub-lease parts of its premises in 5 branches for the periods between 18 to 30 years, with a total of rental received in advance amounting Baht 572 million. The terms of the agreements are ended in the year 2033 to the year 2039. 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 31 December 2022, the outstanding balance of rental received in advance, net of recognised rental income was Baht 233 million (2021: Baht 259 million).

## 19. Long-term loans

			(Unit: Thousand Baht)	
Loans	Interest rate (percent per annum)	Repayment schedule	Consolidated financial statements	
			2022	2021
1	COF* + 1.10	Monthly repayment since April 2019 to February 2025	46,030	61,608
2	COF* + 0.80	Monthly repayment since April 2024 to March 2029	122,625	-
Total long-term loans			168,655	61,608
Less: Current portion			(46,030)	(61,608)
Long-term loans - net of current portion			122,625	-

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

Movement of the long-term loans account during the year ended 31 December 2022 and 2021 are summarised below:

			(Unit: Thousand Baht)	
			Consolidated financial statements	
			2022	2021
Beginning balance			61,608	75,167
Additional borrowings			122,273	-
Repayments			(14,443)	(17,480)
Translation adjustment			(783)	3,921
Ending balance			168,655	61,608



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 to maintain debt to equity ratio on the consolidated financial statement of the Company and its subsidiaries for the loan no. 2.

As at 31 December 2022, the loan no. 1 amounted to Baht 46 million (2021: Baht 62 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 this 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.

## 20. Debentures

No.	Interest/discount rate per annum	Age	Repayment	Maturity	Consolidated and separate financial statements			
					Number of debenture (Units)		Amount (Thousand Baht)	
					2022	2021	2022	2021
<b>Unsubordinated and unsecured debentures</b>								
No. 1/2019	1.85%	3 years	At maturity	14 November 2022	-	3,170,000	-	3,170,000*
No. 1/2020	1.65%	3 years	At maturity	3 March 2023	3,150,000	3,150,000	3,150,000	3,150,000*
No. 2/2020	1.85%	2 years 11 months 28 days	At maturity	12 October 2023	1,000,000	1,000,000	1,000,000	1,000,000*
No. 3/2020	Fixed rate 1.85%	2 years 11 months 28 days	At maturity	12 October 2023	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2021	1.50%	3 years	At maturity	12 January 2024	1,000,000	1,000,000	1,000,000	1,000,000*
No. 2/2021	1.40%	3 years	At maturity	9 February 2024	1,000,000	1,000,000	1,000,000	1,000,000*
No. 3/2021	1.07%	3 years	At maturity	1 October 2024	2,000,000	2,000,000	2,000,000	2,000,000*
No. 1/2022	Fixed rate 2.68%	3 years	At maturity	15 July 2025	3,000,000	-	3,000,000	-
No. 2/2022	Fixed rate 2.75%	3 years	At maturity	18 November 2025	2,000,000	-	2,000,000	-
<b>Total</b>					<b>14,150,000</b>	<b>12,320,000</b>	<b>14,150,000</b>	<b>12,320,000</b>
Less: Deferred interest							(89,202)	(255,735)
Debenture - net							14,060,798	12,064,265
Less: Current portion of debentures							(5,127,658)	(3,120,897)
Debentures - net of current portion							<b>8,933,140</b>	<b>8,943,368</b>

\* Zero Coupon Bond

Movements in debentures account during the period ended 31 December 2022 and 2021 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2022	2021
Beginning balance	12,320,000	12,320,000
Add: Issuance of debentures during the year	5,000,000	4,000,000
Less: Redemption of debentures during the year	(3,170,000)	(4,000,000)
Ending balance	<u>14,150,000</u>	<u>12,320,000</u>

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.

## 21. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	545,894	574,052	495,219	521,757
Included in profit or loss:				
Current service cost	41,286	54,562	36,133	47,779
Interest cost	8,332	8,421	7,509	7,657
Included in other comprehensive income:				
Actuarial gain arising from				
Demographic assumptions changes	-	(29,334)	-	(26,560)
Financial assumptions changes	-	(29,513)	-	(26,867)
Experience adjustments	-	(22,776)	-	(20,646)
Benefits paid during the year	<u>(6,054)</u>	<u>(9,518)</u>	<u>(5,411)</u>	<u>(7,901)</u>
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	<u>589,458</u>	<u>545,894</u>	<u>533,450</u>	<u>495,219</u>

As at 31 December 2022, the Group expects to pay Baht 78 million (2021: Baht 56 million) (the Company only: Baht 72 million, 2021: Baht 54 million) of long-term employee benefits during the next year.

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 7 years (2021: 7 years) (the Company only: 7 years, 2021: 7 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Discount rate	1.7%	1.7%	1.7%	1.7%
Salary increase rate	5.5% - 6.0%	5.5% - 6.0%	5.5% - 6.0%	5.5% - 6.0%
Turnover rate (depending on age)	0 - 40%	0 - 40%	0 - 35%	0 - 35%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate				
31 December 2022	(18)	20	(14)	20
31 December 2021	(19)	20	(17)	18

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate				
31 December 2022	49	(44)	46	(37)
31 December 2021	44	(39)	39	(35)

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Turnover rate				
(depending on age)				
31 December 2022	(37)	43	(30)	40
31 December 2021	(33)	38	(29)	33

## 22. The Employee Joint Investment Program (EJIP)

The significant details of the Employee Joint Investment Program (EJIP) are as follow:

The Company eligible under EJIP	Home Product Center Public Company Limited and DC Service Center Company Limited
The Period of EJIP	1 July 2018 to 30 June 2023, 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 100% of the amount contributed by EJIP participants on a monthly basis.
EJIP buying schedule	Monthly basis.
Conditions for holding the securities	During the 1 <sup>st</sup> year - 3 <sup>rd</sup> year, employee cannot sell any shares After the 3 <sup>rd</sup> year, employee can sell 25% of shares accumulated After the 4 <sup>th</sup> year, employee can sell 50% of shares accumulated After the 5 <sup>th</sup> year, employee can sell all shares
EJIP program manager	Phillip Securities (Thailand) Public Company Limited

On 5 June 2018, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC).

During the year 2022, the Group contributed Baht 40 million to the program (2021: Baht 38 million) (the Company only: Baht 39 million, 2021: Baht 36 million).

## 23. 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% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

At present, the statutory reserve has been fully set aside.

## 24. Revenue from contracts with customers

### 24.1 Disaggregated revenue information

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b>Type of goods or service:</b>				
Sale of goods related to houses and residences	64,381,576	59,969,667	59,351,967	52,253,457
Renovation and improvement services	305,686	277,100	304,659	277,100
Installation maintenance and other service	403,622	321,145	385,807	298,713
Total revenue from contracts with customers	<u>65,090,884</u>	<u>60,567,912</u>	<u>60,042,433</u>	<u>52,829,270</u>
<b>Timing of revenue recognition:</b>				
Revenue recognised at a point in time	64,785,198	60,290,812	59,737,774	52,552,170
Revenue recognised over time	305,686	277,100	304,659	277,100
Total revenue from contracts with customers	<u>65,090,884</u>	<u>60,567,912</u>	<u>60,042,433</u>	<u>52,829,270</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	
	2022	2021	2022	2021
Revenue from external customers	65,037,171	60,512,530	59,738,216	52,465,137
Revenue from related parties	194,890	383,243	304,217	364,133
	65,232,061	60,895,773	60,042,433	52,829,270
Eliminations	(141,177)	(327,861)	-	-
Total revenue from contracts with customers	<u>65,090,884</u>	<u>60,567,912</u>	<u>60,042,433</u>	<u>52,829,270</u>

### 24.2 Revenue recognised in relation to contract balances

During the current year, amounts of Baht 960 million (2021: Baht 963 million) (the Company only: Baht 903 million, 2021: Baht 902 million) that were included in advances received from customers at the beginning of the year were recognised as revenue.

## 25. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2022	2021	2022	2021
Salaries and wages and other employee benefits	4,930	4,639	4,673	4,162
Premises expenses	1,469	1,142	1,324	1,002
Depreciation and amortisation	3,156	3,208	3,053	2,779
Sales promotion and operation support expenses	2,803	2,258	2,635	2,112
Tax expenses and fees	1,583	1,255	1,444	1,126
Changes in finished goods	(998)	(2,288)	(2,883)	(1,935)

## 26. Finance cost

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2022	2021	2022	2021
Interest expense of loans and debentures	254,013	259,098	244,232	248,712
Interest expense on lease liabilities	190,566	156,514	190,018	142,313
<b>Total</b>	<b>444,579</b>	<b>415,612</b>	<b>434,250</b>	<b>391,025</b>

## 27. Income tax

Income tax expenses for the years ended 31 December 2022 and 2021 are made up as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2022	2021	2022	2021
<b>Current income tax:</b>				
Current income tax charge	1,494,244	1,238,501	1,389,223	1,118,952
Adjustment in respect of income tax of previous year	720	(25,072)	1,001	(20,461)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(54,014)	(19,461)	(73,079)	(23,315)
<b>Income tax expenses reported in profit or loss</b>	<b>1,440,950</b>	<b>1,193,968</b>	<b>1,317,145</b>	<b>1,075,176</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Deferred tax on actuarial gains	-	16,325	-	14,815

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Accounting profit before tax	7,658,040	6,634,488	7,338,809	6,060,176
Applicable tax rate	20% and 24%	20% and 24%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,534,410	1,326,898	1,467,762	1,212,035
Adjustment in respect of income tax of previous year	720	(25,072)	1,001	(20,461)
Effects of:				
Revenues that are granted income tax exemption	-	-	(81,600)	-
Non-deductible expenses	7,706	14,693	14,655	11,102
Additional expense deductions allowed	(93,762)	(131,755)	(79,536)	(116,274)
Others	(8,124)	9,204	(5,137)	(11,226)
Total	(94,180)	(107,858)	(151,618)	(116,398)
<b>Income tax expenses reported in profit or loss</b>	<b>1,440,950</b>	<b>1,193,968</b>	<b>1,317,145</b>	<b>1,075,176</b>

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b>Deferred tax assets</b>				
Allowance for expected credit losses	2,169	3,030	2,148	2,557
Purchase discounts	121,236	113,987	121,236	97,067
Allowance for asset impairments	928	3,228	928	3,228
Leases	271,453	248,997	262,318	240,324
Provision for long-term employee benefits	117,892	109,179	106,690	99,044
Deferred purchase discounts	7,757	6,370	7,757	6,237
Provisions	141,207	123,836	135,205	114,746
<b>Total</b>	<b>662,642</b>	<b>608,627</b>	<b>636,282</b>	<b>563,203</b>

As at 31 December 2022, the Group has deductible temporary differences totaling Baht 594 million (2021: Baht 654 million) (the Company only: Baht 577 million, 2021: Baht 602 million). No deferred tax assets have been recognised on these amounts as the Group believes it is uncertain on the temporary differences may not be probable utilised in the future.

## 28. Earnings per share

Basic earnings per share is calculated by dividing profit 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.

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Profit for the year (Thousand Baht)	6,217,089	5,440,519	6,021,665	4,985,000
Weighted average number of ordinary shares (Thousand shares)	13,151,198	13,151,198	13,151,198	13,151,198
Earnings per share (Baht/share)	0.47	0.41	0.46	0.38

## 29. 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 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, and the provision of services relevant to retail and wholesale business, space rental and services (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 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.



## Geographic information

Sales income from external customers is based on locations of the Group which are summarised as follow.

(Unit: Million Baht)

	2022	2021
<b>Sales income from external customers</b>		
Thailand	63,646	59,522
Malaysia	1,382	990
Vietnam	9	1
Total	<u>65,037</u>	<u>60,513</u>
<b>Non-current assets (other than deferred tax assets)</b>		
Thailand	42,882	38,764
Malaysia	209	292
Vietnam	3	2
Total	<u>43,094</u>	<u>39,058</u>

## Major customers

For the years 2022 and 2021, the Group has no major customer with revenue of 10% or more of an entity's revenues.

## 30. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group and their employees contributed to the fund monthly at the rate of 3% - 5% of basic salary. The fund, which is managed by Land and Houses Fund Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules.

During the year 2022, the Group contributed Baht 104 million (2021: Baht 103 million) to the fund (the Company only: Baht 91 million, 2021: Baht 91 million).

### 31. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividend from operating results from July 2020 to December 2020	The Annual General Meeting of the shareholders on 8 April 2021	2,630	0.20
Interim dividend from operating results from January 2021 to June 2021	Board of Directors' Meeting of the Company on 31 August 2021	1,578	0.12
Total		4,208	
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
Interim dividend from operating results from January 2022 to June 2022	Board of Directors' Meeting of the Company on 30 August 2022	2,236	0.17
Total		4,866	

### 32. Commitments and contingent liabilities

#### 32.1 Capital commitment

As at 31 December 2022 and 2021, 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.

#### 32.2 Operating lease commitments - as a lessee

As at 31 December 2022 and 2021, the Company has future lease payments required under these non-cancellable leases contracts that have not yet commenced amounting to Baht 395 million (2021: Baht 701 million). In January 2023, the Company registered lease land with Department of Lands amounting to Baht 127 million.

### **32.3 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 an agreement on management assistance and inventories management with subsidiary. Under the conditions prescribed by agreement, the Company is received by monthly service fees based on percentage of sales and percentage of actual costs as stipulated in the agreement. However, the Company terminated the agreement on 30 June 2022.
- c) 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.
- d) 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.

### **32.4 Guarantees**

- a) As at 31 December 2022, the Group has outstanding bank guarantees of Baht 190 million and MYR 1 million (2021: Baht 163 million and MYR 1 million) (the Company only: Baht 165 million, 2021: Baht 134 million) issued by banks on benefit of the Group in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise. Bank guarantee of Baht 25 million and MYR 1 million (2021: Baht 29 million and MYR 1 million) issued in the name of subsidiaries were guaranteed by the Company.
- b) As at 31 December 2022, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 0.3 million and CNY 9.6 million (2021: USD 0.8 million and CNY 4.7 million).
- c) As at 31 December 2022, the Company secured credit facilities of its subsidiaries of Baht 280 million and MYR 133 million (2021: Baht 280 million and MYR 103 million) to financial institutions.

### 32.5 Litigation

- a) As at 31 December 2022, the Company has legal cases for a total claimed amount of Baht 7.3 million (2021: Baht 5.0 million) (the Company only: Baht 7.1 million, 2021: Baht 2.6 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 contracts. 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.

### 33. Fair value hierarchy

As at 31 December 2022 and 2021, the Group had the assets and liabilities that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements			
	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
<b>Liability measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	20	-	20
<b>Asset for which fair value are disclosed</b>				
Investment properties	-	-	8,252	8,252
<b>Liability for which fair value are disclosed</b>				
Debentures	-	14,057	-	14,057

(Unit: Million Baht)

Consolidated Financial Statements				
As at 31 December 2021				
Level 1	Level 2	Level 3	Total	
<b>Liability measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	1	-	1
<b>Asset for which fair value are disclosed</b>				
Investment properties	-	-	6,121	6,121
<b>Liability for which fair value are disclosed</b>				
Debentures	-	12,161	-	12,161

(Unit: Million Baht)

Separate Financial Statements				
As at 31 December 2022				
Level 1	Level 2	Level 3	Total	
<b>Liability measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	20	-	20
<b>Asset for which fair value are disclosed</b>				
Investment properties	-	-	9,469	9,517
<b>Liability for which fair value are disclosed</b>				
Debentures	-	14,057	-	14,057

(Unit: Million Baht)

Separate Financial Statements				
As at 31 December 2021				
Level 1	Level 2	Level 3	Total	
<b>Liability measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	1	-	1
<b>Asset for which fair value are disclosed</b>				
Investment properties	-	-	6,738	6,738
<b>Liability for which fair value are disclosed</b>				
Debentures	-	12,161	-	12,161

## 34. Financial instruments

### 34.1 Derivatives

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b>Derivative liability</b>				
Derivative liability not designated as hedging instruments				
Foreign exchange forward contracts	20	1	20	1
<b>Total derivative liability</b>	<b>20</b>	<b>1</b>	<b>20</b>	<b>1</b>

#### Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 6 months.

### 34.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, trade accounts payable, short-term loans, long-term loans, lease liabilities and long-term debentures. 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 accounts receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

#### 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. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by other forms of credit insurance obtained from reputable banks and other financial institutions.

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 Group classifies customer segments by customer type and rating and other forms of credit insurance. Other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

### ***Financial instruments and cash deposits***

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

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

### **Market risk**

There is a type of market risk comprising currency risk. The Group enters into foreign exchange forward contracts derivative to reduce the foreign currency risk arising on the import of goods.

### ***Foreign currency risk***

The Group's exposure to the foreign currency risk relates primarily to its trading transactions 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 2022 and 2021, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated and separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	1	2	34.73	33.37
CNY	-	-	13	50	5.05	5.23

As at 31 December 2022 and 2021, foreign exchange contracts outstanding are summarised below.

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

  

Consolidated and separate financial statements					
As at 31 December 2021					
Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	3	-	32.73 - 33.57	-	Within July 2022
CNY	30	-	5.20 - 5.25	-	Within July 2022

### **Interest rate risk**

The Group's exposure to interest rate risk relates primarily to its short-term loans, lease liabilities, debentures and long-term borrowings. 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 Group manages its interest rate risk by having a portfolio of fixed rate loans and borrowings more than variable rate. The Group's policy is to maintain borrowings at fixed rates of interest of not less than 50%.

As at 31 December 2022 and 2021, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.



(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2022							
Fixed interest rates							
	Within 1 year	1 - 5 years	More than 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	510	-	-	2,023	2,887	5,420	0.15 - 0.65
Trade and other receivables	-	-	-	-	2,069	2,069	-
	<u>510</u>	<u>-</u>	<u>-</u>	<u>2,023</u>	<u>4,956</u>	<u>7,489</u>	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,074	-	-	-	-	1,074	0.76 and 4.12
Trade and other payables	-	-	-	-	15,812	15,812	-
Lease liabilities	189	1,091	4,750	-	-	6,030	1.44 - 5.81
Long-term loans	46	123	-	-	-	169	COF + 0.80 and COF + 1.10
Debentures	5,128	8,933	-	-	-	14,061	1.07 - 2.75
	<u>6,437</u>	<u>10,147</u>	<u>4,750</u>	<u>-</u>	<u>15,812</u>	<u>37,146</u>	

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2021							
Fixed interest rates							
	Within 1 year	1 - 5 years	More than 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	3,992	-	-	160	394	4,546	0.05 - 0.40
Trade and other receivables	-	-	-	-	1,675	1,675	-
	<u>3,992</u>	<u>-</u>	<u>-</u>	<u>160</u>	<u>2,069</u>	<u>6,221</u>	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,232	-	-	-	-	1,232	0.58 - 3.44
Trade and other payables	-	-	-	-	13,973	13,973	-
Lease liabilities	247	764	4,102	-	-	5,113	1.44 - 5.35
Long-term loans	-	-	-	62	-	62	COF + 1.10
Debentures	3,121	8,943	-	-	-	12,064	1.07 - 1.85
	<u>4,600</u>	<u>9,707</u>	<u>4,102</u>	<u>62</u>	<u>13,973</u>	<u>32,444</u>	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2022							
Fixed interest rates							
	Within 1 year	1 - 5 years	More than 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	510	-	-	1,922	2,673	5,105	0.15 - 0.65
Trade and other receivables	-	-	-	-	2,157	2,157	-
	<u>510</u>	<u>-</u>	<u>-</u>	<u>1,922</u>	<u>4,830</u>	<u>7,262</u>	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,000	-	-	-	-	1,000	0.76
Trade and other payables	-	-	-	-	15,577	15,577	-
Lease liabilities	666	2,027	3,950	-	-	6,643	1.44 - 5.81
Debentures	5,128	8,933	-	-	-	14,061	1.07 - 2.75
	<u>6,794</u>	<u>10,960</u>	<u>3,950</u>	<u>-</u>	<u>15,577</u>	<u>37,281</u>	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2021							
Fixed interest rates							
	Within 1 year	1 - 5 years	More than 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	3,875	-	-	17	324	4,216	0.05 - 0.40
Trade and other receivables	-	-	-	-	1,676	1,676	-
Short-term loans to related party	1,234	-	-	-	-	1,234	3.00
	<u>5,109</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>2,000</u>	<u>7,126</u>	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,000	-	-	-	-	1,000	0.58
Trade and other payables	-	-	-	-	12,310	12,310	-
Lease liabilities	202	717	3,735	-	-	4,654	1.44 - 5.35
Debentures	3,121	8,943	-	-	-	12,064	1.07 - 1.85
	<u>4,323</u>	<u>9,660</u>	<u>3,735</u>	<u>-</u>	<u>12,310</u>	<u>30,028</u>	

## Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of trade payable, bank loans, debentures and lease contracts. Approximately 60% of the Group's debt will mature in less than one year at 31 December 2022 (2021: 57%) (the Company only: 60%, 2021: 55%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded that the Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Million Baht)					
Consolidated financial statements					
As at 31 December 2022					
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from financial institutions	1,075	-	-	-	1,075
Trade and other payables	-	15,812	-	-	15,812
Lease liabilities	-	405	1,578	7,792	9,775
Long-term loans	48	-	96	32	176
Debentures	-	5,157	9,044	-	14,201
<b>Total non-derivatives</b>	<u>1,123</u>	<u>21,374</u>	<u>10,718</u>	<u>7,824</u>	<u>41,039</u>
<b>Derivative</b>					
Derivative liability: net settled	-	20	-	-	20
<b>Total derivative</b>	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>20</u>

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2021				
On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>				
Short-term loans from financial institutions	1,233	-	-	1,233
Trade and other payables	-	13,973	-	13,973
Lease liabilities	-	414	1,371	7,465
Long-term loans	-	67	-	67
Debentures	-	3,170	9,183	12,353
<b>Total non-derivatives</b>	<b>1,233</b>	<b>17,624</b>	<b>10,554</b>	<b>35,091</b>
<b>Derivative</b>				
Derivative liability: net settled	-	1	-	1
<b>Total derivative</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2022				
On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>				
Short-term loans from financial institutions	1,001	-	-	1,001
Trade and other payables	-	15,577	-	15,577
Lease liabilities	-	889	2,033	10,192
Debentures	-	5,157	9,044	14,201
<b>Total non-derivatives</b>	<b>1,001</b>	<b>21,623</b>	<b>11,077</b>	<b>40,971</b>
<b>Derivative</b>				
Derivative liability: net settled	-	20	-	20
<b>Total derivative</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>20</b>

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2021				
On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>				
Short-term loans from financial institutions	1,001	-	-	1,001
Trade and other payables	-	12,310	-	12,310
Lease liabilities	-	355	1,277	6,770
Debentures	-	3,170	9,183	12,353
<b>Total non-derivatives</b>	<b>1,001</b>	<b>15,835</b>	<b>10,460</b>	<b>32,434</b>
<b>Derivative</b>				
Derivative liability: net settled	-	1	-	1
<b>Total derivative</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>

### 34.3 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 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			
	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial liability</b>				
Debentures	14,061	14,057	12,064	12,161

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivables and accounts payables, their carrying amounts in the statements of financial position approximate their fair values.
- b) The carrying amounts at loans to and loans from carrying interest at rates approximating the market rate, in the statements of financial position approximates their fair value.
- c) The fair value of fixed rate debentures is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- d) The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies and yield curves of the respective currencies. The Group considers counterparty credit risk when determining the fair value of derivatives

During the current period, there was no transfer within the fair value hierarchy.

### 34.4 Offsetting of financial instruments

The following table presents the recognised financial instruments that are offset as at 31 December 2022 and 2021.

(Unit: Thousand Baht)

	Consolidate financial statements				
	Effects of offsetting in the statement of financial position			Gross amounts	
	Gross amounts	Amounts offset	Net amounts recognised in the statement of financial position	not offset in the statement of financial position	Net amounts in the statement of financial position
<b>As at 31 December 2022</b>					
Trade and other receivables	-	-	-	2,068,894	<b>2,068,894</b>
Trade and other payables	14,109,235	(919,450)	13,189,785	2,622,093	<b>15,811,878</b>
<b>As at 31 December 2021</b>					
Trade and other receivables	-	-	-	1,674,873	<b>1,674,873</b>
Trade and other payables	13,002,065	(748,594)	12,253,471	1,719,148	<b>13,972,619</b>

(Unit: Thousand Baht)

	Separate financial statements				
	Effects of offsetting in the statement of financial position			Gross amounts	
	Gross amounts	Amounts offset	Net amounts recognised in the statement of financial position	not offset in the statement of financial position	Net amounts in the statement of financial position
<b>As at 31 December 2022</b>					
Trade and other receivables	-	-	-	2,157,314	<b>2,157,314</b>
Trade and other payables	13,822,255	(896,111)	12,986,144	2,591,136	<b>15,577,280</b>
<b>As at 31 December 2021</b>					
Trade and other receivables	-	-	-	1,676,318	<b>1,676,318</b>
Trade and other payables	11,410,504	(667,235)	10,743,269	1,567,076	<b>12,310,345</b>

Gross amounts not offset in the statement of financial position reflect amounts subject to conditional offsetting arrangements.

As at 31 December 2022, The Group had other receivables from area rental and related services amounting to Baht 174 million, of which partial rent deposits were presented in other non-current liabilities, and other form of credit insurance with netting arrangements with trade receivables. The Group has pledged rental guarantee deposits of Baht 26 million (2021: Baht 76 million) (The Company only: Baht 26 million, 2021: Baht 65 million) and bank guarantees issued by banks which had netting arrangements with trade and other payables.

### **35. Capital management**

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

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in the stipulations of long-term loans and debentures, which requires the Company to maintain a debt-to-equity ratio of not more than 2.50:1.

### **36. Events after the reporting period**

- a) On 21 February 2023, the meeting of the Company's Board of Directors passed the resolution to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from operating results of July 2022 to December 2022. The dividend will be paid by cash at the rate of Baht 0.21 per share or in the total amount not exceeding Baht 2,762 million. The payment of cash dividend shall be made within 3 May 2023. As the Company's Board of Directors Meeting held on 30 August 2022 has the resolution to approve interim dividend payment for the operating result for the period as from January 2022 to June 2022 to the shareholders as cash dividend of Baht 0.17 per share. The interim dividend was paid on 27 September 2022. As a result, total dividend per share for the year 2022 is Baht 0.38 per share.
- b) 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.

### **37. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2023.