

Chic Republic Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2023

Independent Auditor's Report

To the Shareholders of Chic Republic Public Company Limited

Opinion

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chic Republic Public Company Limited and its subsidiaries and of Chic Republic Public Company Limited as at 31 December 2023, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Recognition of revenue from project sales

Revenue from project sales that the Group recognises in each period is a significant amount when compared to the total revenue of the Group. Moreover, the Group sells products to large number of projects, each of which has a high value. I have therefore focused on the audit of occurrence of revenue recognition from project sales.

Key audit procedures are as follows:

- Assessed and tested the Group's internal controls with respect to the project sales cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- On a sampling basis, examine project contracts for sales transactions to evaluate the terms and conditions of the contracts whether the contracts are in line with the Group's revenue recognition policies.
- On a sampling basis, examine supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Perform analytical procedures on disaggregated data to detect possible irregularities in transactions of the project sales throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Sumesa Tangyoosuk

Certified Public Accountant (Thailand) No. 7627

EY Office Limited

Bangkok: 29 February 2024

Chic Republic Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2023

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Assets					
Current assets					
Cash and cash equivalents	7	96,191,616	149,121,964	87,874,294	148,232,744
Trade and other receivables	6, 8	160,790,381	134,634,134	170,057,823	145,207,181
Short-term loans to subsidiary	6	-	-	5,700,000	1,500,000
Current portion of long-term loans to subsidiary	6	-	-	3,600,000	-
Inventories	9	92,973,444	107,851,743	88,890,952	102,552,463
Advance payment for inventories		5,415,262	5,938,036	5,412,012	5,934,754
Other current financial assets	10	119,390	2,255,450	119,390	2,255,450
Other current assets		3,055,783	3,577,856	2,990,401	3,452,605
Total current assets		358,545,876	403,379,183	364,644,872	409,135,197
Non-current assets					
Restricted bank deposit	11	25,000	25,000	25,000	25,000
Other non-current financial assets	10	200,000	200,000	200,000	200,000
Investment in subsidiaries	12	-	-	4,058,750	158,750
Long-term loans to subsidiary - net of current portion	6	-	-	25,700,000	29,300,000
Investment properties	13	28,859,037	30,313,624	28,859,037	30,313,624
Building and equipment	14	777,073,994	785,963,612	764,040,067	769,140,131
Right-of-use assets	19.1	410,722,291	446,209,037	396,476,740	427,353,356
Intangible assets	15	6,411,363	6,828,914	6,249,403	6,631,261
Deferred tax assets	24	28,277,923	27,965,798	25,866,060	25,141,658
Other non-current assets		4,752,764	2,530,794	2,455,522	272,884
Total non-current assets		1,256,322,372	1,300,036,779	1,253,930,579	1,288,536,664
Total assets		1,614,868,248	1,703,415,962	1,618,575,451	1,697,671,861

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

Chic Republic Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2023

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	16	97,651,266	119,500,614	97,651,266	119,500,614
Trade and other payables	17	143,571,709	123,349,740	140,341,594	119,761,470
Current portion of long-term loans	18	58,653,119	62,978,191	58,653,119	62,978,191
Current portion of lease liabilities	19.1	23,787,259	21,862,705	19,226,097	18,576,919
Derivative liabilities	30.1	31,251	179,563	31,251	179,563
Income tax payable		5,132,570	22,534	5,113,203	-
Other current liabilities		8,333,772	7,694,787	8,212,688	7,630,372
Total current liabilities		337,160,946	335,588,134	329,229,218	328,627,129
Non-current liabilities					
Long-term loans, net of current portion	18	54,169,601	139,099,723	54,169,601	139,099,723
Lease liabilities, net of current portion	19.1	347,683,272	370,742,857	332,784,428	351,148,813
Provision for long-term employee benefits	20	18,989,084	17,081,566	18,989,084	17,081,566
Other non-current liabilities		7,564,269	6,981,069	7,564,269	6,981,069
Total non-current liabilities		428,406,226	533,905,215	413,507,382	514,311,171
Total liabilities		765,567,172	869,493,349	742,736,600	842,938,300

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

Chic Republic Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Shareholders' equity					
Share capital	21				
Registered					
1,360,000,000 ordinary shares of Baht 0.50 each		680,000,000	680,000,000	680,000,000	680,000,000
Issued and fully paid up					
1,360,000,000 ordinary shares of Baht 0.50 each		680,000,000	680,000,000	680,000,000	680,000,000
Share premium	21	133,775,701	133,775,701	133,775,701	133,775,701
Retained earnings					
Appropriated - statutory reserve	22	19,500,000	18,000,000	19,500,000	18,000,000
Unappropriated		13,276,069	3,814,576	42,563,150	22,957,860
Other components of shareholders' equity		294,523	(1,667,664)	-	-
Equity attributable to owners of the Company		846,846,293	833,922,613	875,838,851	854,733,561
Non-controlling interests of the subsidiaries		2,454,783	-	-	-
Total shareholders' equity		849,301,076	833,922,613	875,838,851	854,733,561
Total liabilities and shareholders' equity		1,614,868,248	1,703,415,962	1,618,575,451	1,697,671,861
		-	-	-	-

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

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Directors

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Chic Republic Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Profit or loss:					
Revenues					
Sales income		584,656,695	674,024,144	568,433,369	652,346,961
Services income		45,490,965	32,278,292	46,452,386	33,267,176
Revenue from agreement with vendors		53,964,301	54,049,026	53,138,029	53,220,781
Other income		5,765,490	9,709,096	5,748,177	8,179,946
Total revenues		689,877,451	770,060,558	673,771,961	747,014,864
Expenses					
Cost of sales		299,653,435	380,149,154	295,159,807	374,537,048
Cost of services		16,278,114	7,136,701	16,278,115	7,136,701
Selling and distribution expenses		181,240,360	182,092,807	168,322,516	166,799,165
Administrative expenses		140,875,106	146,857,623	136,466,094	141,215,345
Total expenses		638,047,015	716,236,285	616,226,532	689,688,259
Operating profit		51,830,436	53,824,273	57,545,429	57,326,605
Finance income		677,064	434,512	2,232,019	1,883,497
Finance cost		(26,199,446)	(33,125,649)	(25,122,739)	(31,876,201)
Profit before income tax expenses		26,308,054	21,133,136	34,654,709	27,333,901
Income tax expenses	24	(12,091,778)	(4,551,388)	(10,149,419)	(4,766,507)
Profit for year		14,216,276	16,581,748	24,505,290	22,567,394
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		1,962,187	(2,117,672)	-	-
Total other comprehensive income to be reclassified to profit or loss in subsequent periods		1,962,187	(2,117,672)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain - net of income tax		-	1,144,172	-	1,144,172
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	1,144,172	-	1,144,172
Other comprehensive income for the year					
- net of income tax		1,962,187	(973,500)	-	1,144,172
Total comprehensive income for the year		16,178,463	15,608,248	24,505,290	23,711,566

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

Chic Republic Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2023

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Profit attributable to					
Equity holders of the Company		14,361,493	16,581,748	24,505,290	22,567,394
Non-controlling interests of the subsidiary		(145,217)	-		
		<u>14,216,276</u>	<u>16,581,748</u>		
Total comprehensive income attributable to					
Equity holders of the Company		16,323,680	15,608,248	24,505,290	23,711,566
Non-controlling interests of the subsidiary		(145,217)	-		
		<u>16,178,463</u>	<u>15,608,248</u>		
Basic earnings per share					
	25				
Profit attributable to equity holders of the Company		<u>0.011</u>	<u>0.014</u>	<u>0.018</u>	<u>0.019</u>
Weighted average number of ordinary share (Shares)		1,360,000,000	1,161,753,425	1,360,000,000	1,161,753,425

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

Chic Republic Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2023

(Unit: Baht)

Consolidated financial statements								
Equity attributable to owners of the Company								
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity Other comprehensive income Exchange differences on translation of financial statements in foreign currency	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated				
Balance as at 1 January 2022	500,000,000	-	16,500,000	87,588,656	450,008	604,538,664	-	604,538,664
Profit for the year	-	-	-	16,581,748	-	16,581,748	-	16,581,748
Other comprehensive income for the year	-	-	-	1,144,172	(2,117,672)	(973,500)	-	(973,500)
Total comprehensive income for the year	-	-	-	17,725,920	(2,117,672)	15,608,248	-	15,608,248
Increase in share capital (Note 21)	180,000,000	133,775,701	-	-	-	313,775,701	-	313,775,701
Dividend paid (Note 28)	-	-	-	(100,000,000)	-	(100,000,000)	-	(100,000,000)
Transferred to statutory reserve (Note 22)	-	-	1,500,000	(1,500,000)	-	-	-	-
Balance as at 31 December 2022	680,000,000	133,775,701	18,000,000	3,814,576	(1,667,664)	833,922,613	-	833,922,613
Balance as at 1 January 2023	680,000,000	133,775,701	18,000,000	3,814,576	(1,667,664)	833,922,613	-	833,922,613
Profit (loss) for the year	-	-	-	14,361,493	-	14,361,493	(145,217)	14,216,276
Other comprehensive income for the year	-	-	-	-	1,962,187	1,962,187	-	1,962,187
Total comprehensive income for the year	-	-	-	14,361,493	1,962,187	16,323,680	(145,217)	16,178,463
Dividend paid (Note 28)	-	-	-	(3,400,000)	-	(3,400,000)	-	(3,400,000)
Transferred to statutory reserve (Note 22)	-	-	1,500,000	(1,500,000)	-	-	-	-
Acquisition of investment in subsidiary (Note 12)	-	-	-	-	-	-	2,600,000	2,600,000
Balance as at 31 December 2023	680,000,000	133,775,701	19,500,000	13,276,069	294,523	846,846,293	2,454,783	849,301,076
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

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

Chic Republic Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2023

(Unit: Baht)

	Separate financial statements				
	Issued and		Retained earnings		Total
	paid-up		Appropriated -		shareholders'
	share capital	Share premium	statutory reserve	Unappropriated	equity
Balance as at 1 January 2022	500,000,000	-	16,500,000	100,746,294	617,246,294
Profit for the year	-	-	-	22,567,394	22,567,394
Other comprehensive income for the year	-	-	-	1,144,172	1,144,172
Total comprehensive income for the year	-	-	-	23,711,566	23,711,566
Increase in share capital (Note 21)	180,000,000	133,775,701	-	-	313,775,701
Dividend paid (Note 28)	-	-	-	(100,000,000)	(100,000,000)
Transferred to statutory reserve (Note 22)	-	-	1,500,000	(1,500,000)	-
Balance as at 31 December 2022	680,000,000	133,775,701	18,000,000	22,957,860	854,733,561
Balance as at 1 January 2023	680,000,000	133,775,701	18,000,000	22,957,860	854,733,561
Profit for the year	-	-	-	24,505,290	24,505,290
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	24,505,290	24,505,290
Dividend paid (Note 28)	-	-	-	(3,400,000)	(3,400,000)
Transferred to statutory reserve (Note 22)	-	-	1,500,000	(1,500,000)	-
Balance as at 31 December 2023	680,000,000	133,775,701	19,500,000	42,563,150	875,838,851
	-	-	-	-	-
	-	-	-	-	-

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

Chic Republic Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit before tax	26,308,054	21,133,136	34,654,709	27,333,901
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	97,117,690	97,012,628	89,192,055	88,823,736
Amortisation of deferred front end fee	95,652	162,558	95,652	162,558
Allowance for expected credit losses (reversal)	(571,265)	(127,045)	928,735	(127,045)
Reduction of inventory to net realisable value	2,232,809	(158,672)	2,234,395	(317,475)
Gain on sales of equipment	(641)	(5,703)	(641)	(5,703)
Loss on written off equipment	3,986	206,629	3,986	206,629
Unrealised loss on exchange	884,072	1,018,298	884,072	1,018,298
(Gain) loss on fair value adjustment of derivatives	(211,987)	179,563	(211,987)	179,563
Difference from lease modification	-	4,199,524	-	4,199,524
Provision for long-term employee benefits	1,907,518	1,955,011	1,907,518	1,955,011
Interest income	(677,064)	(434,512)	(2,232,019)	(1,883,497)
Interest expenses	26,103,794	32,963,091	25,027,087	31,713,643
Profit from operating activities before changes in operating assets and liabilities	153,192,618	158,104,506	152,483,562	153,259,143
Operating assets (increase) decrease				
Trade and other receivables	(26,489,457)	10,660,929	(25,725,164)	11,819,075
Inventories	12,645,490	15,382,854	11,427,116	13,054,123
Advance payment for inventories	522,774	14,962,688	522,742	14,849,220
Other current assets	522,073	(1,387,012)	462,204	(1,300,719)
Other non-current assets	(2,159,036)	204,843	(2,182,638)	398,847
Operating liabilities increase (decrease)				
Trade and other payables	15,589,314	(83,920,048)	15,947,469	(82,849,581)
Other current liabilities	638,985	847,010	582,316	1,043,838
Paid for long-term employee benefits	-	(698,600)	-	(698,600)
Other non-current liabilities	583,201	2,540,900	583,200	2,540,900
Cash flows from operating activities	155,045,962	116,698,070	154,100,807	112,116,246
Cash paid for interest expenses	(26,092,893)	(32,969,777)	(25,016,186)	(31,720,328)
Cash paid for income tax	(7,293,867)	(7,812,116)	(5,760,618)	(8,689,882)
Net cash flows from operating activities	121,659,202	75,916,177	123,324,003	71,706,036

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

Chic Republic Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from investing activities				
Decrease in other current financial assets	2,199,735	7,853,900	2,199,735	7,853,900
Decrease in other non-current financial assets	-	4,000,000	-	4,000,000
Increase in short-term loans to subsidiary	-	-	(4,200,000)	(1,500,000)
Decrease in long-term loans to subsidiary	-	-	-	2,200,000
Cash paid for acquisition of investment properties	(839,959)	(1,160,560)	(839,959)	(1,160,560)
Cash paid for acquisition of building and equipment	(44,211,691)	(7,911,556)	(44,071,845)	(7,870,502)
Cash paid for acquisition of intangible assets	(712,940)	(677,250)	(712,940)	(677,250)
Proceeds from sales of equipment	3,604	11,020	3,604	11,020
Cash paid for investment in subsidiary	-	-	(3,900,000)	-
Interest income	614,130	495,105	1,273,331	1,883,497
Net cash flows from (used in) investing activities	(42,947,121)	2,610,659	(50,248,074)	4,740,105
Cash flows from financing activities				
Decrease in short-term loans from banks	(21,849,348)	(89,603,129)	(21,849,348)	(89,603,129)
Cash receipt from long-term loans	-	20,000,000	-	20,000,000
Repayment of long-term loans	(89,350,846)	(137,300,521)	(89,350,846)	(137,300,521)
Repayment of principal portion of lease liabilities	(21,757,222)	(32,829,570)	(18,834,207)	(31,003,739)
Proceeds from increase in share capital	-	313,775,701	-	313,775,701
Dividend paid	(3,399,978)	(100,000,000)	(3,399,978)	(100,000,000)
Proceeds from share capital of non-controlling interests of the subsidiary	2,600,000	-	-	-
Net cash flows used in financing activities	(133,757,394)	(25,957,519)	(133,434,379)	(24,131,688)
Decrease in translation adjustments	2,114,965	(4,421,466)	-	-
Net (decrease) increase in cash and cash equivalents	(52,930,348)	48,147,851	(60,358,450)	52,314,453
Cash and cash equivalents at beginning of year	149,121,964	100,974,113	148,232,744	95,918,291
Cash and cash equivalents at end of year	96,191,616	149,121,964	87,874,294	148,232,744
	-	-	-	-
Supplemental cash flows information				
Non-cash transaction				
Increase (decrease) in acquisition of assets payable	4,642,135	(1,038,489)	4,642,135	(1,038,489)
Decrease in right-of-use assets due to lease modification	(496,810)	(46,176,061)	-	(44,442,858)
Decrease in lease liabilities due to lease modification	(496,810)	(41,976,537)	-	(40,243,334)
Acquisition of assets under lease liabilities	1,119,000	1,839,453	1,119,000	1,839,453

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

Chic Republic Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2023

1. General information

Chic Republic Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distribution and installation of furniture, house and garden decoration including related services. The registered office of the Company’s head office is at No. 90 Soi Yothinpatana, Praditmanutham Road, Klongjan Sub-district, Bangkok District, Bangkok.

The Stock Exchange of Thailand approved the listing of the ordinary shares of the Company, to be traded from 27 July 2022.

As at 31 December 2023, the Group has 5 branches in Thailand and 1 branch in Cambodia (The Company only has 5 branches in Thailand).

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Chic Republic 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	
			2023	2022
			(%)	(%)
Chic Republic Co., Ltd.	Distribution and installation of furniture, house and garden decoration including related services	Cambodia	100	100
Chic Stay Co., Ltd.	Provide management services and lease of properties	Thailand	60	-

On 20 December 2023, the Company invested in a newly established subsidiary incorporated in Thailand. The Company purchased 390,000 ordinary shares with par value of Baht 10 each and made payment for the shares in December 2023.

- b) The Company is deemed to have control over an investee or subsidiaries if it have 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 company 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 have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investment in subsidiaries 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 which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

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

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

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally 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 returns, discounts, allowances and price promotions to customers.

Rendering of services

Service revenue is recognised over time when services have been rendered taking into account the stage of completion.

Revenue from agreement with vendors

The Group has agreements with vendors as normal business practice, for volume-related allowances, and sale promotion campaign and marketing allowances. Revenue from agreement with vendors are recognised when all obligations are met and can be measured reliably based on the terms of the agreement.

Interest income

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

Finance cost

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

4.2 Cash and cash equivalents

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

4.3 Inventories

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

The ownership of consignment inventories will be transferred to the Group when all obligations are met and can be measured reliably based on the terms of the agreement.

4.4 Investment in subsidiaries

Investment in subsidiaries are accounted for in the separate financial statements using the cost method.

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 useful lives of 5, 20, 22, 25, 26 and 30 years. 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 Building and equipment/Depreciation

Buildings 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.

Land improvement	20 years
Building	Not over land rental agreement (5, 22, 25, 26 and 30 years)
Building improvement	Not over land or sales area rental agreement (20, 22, 25, 26 and 30 years)
Decoration	4, 5, 20 and 25 years
Furniture, fixture and office equipment	3 and 5 years
Tooling	5 years
Vehicle	4 and 5 years

Depreciation is included in determining income.

No depreciation is provided on construction in progress.

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

4.7 Intangible assets

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

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

Intangible assets are computer software with finite useful lives are 3, 5 and 10 years.

4.8 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. 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 or the revalued amount, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land improvement	Not over land or sales area rental agreement (3, 8, 12, 17, 22, 25, 30 and 38 years)
Building and building improvement	6 years
Furniture, fixture and office equipment	5 years
Vehicle	5 years

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

Lease liabilities

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

The Group 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.

4.9 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.

4.10 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the 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 the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

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 unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The 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 post-employment benefits are recognised immediately in other comprehensive income.

4.13 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.

4.14 Income tax

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

Current tax

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

Deferred tax

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

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

At each reporting date, the Group reviews and reduce 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.

4.15 Financial instruments

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

Classification and measurement of financial assets

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

Financial assets at amortised cost

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

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in 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.

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 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.

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.

4.16 Derivatives

The Group uses derivatives, such as foreign currency forward contracts to hedge its foreign currency risks respectively.

Derivatives are 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. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities 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.

4.17 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 observable active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgements and estimates

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

Leases

Determining the lease term with extension and termination options

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

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate 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.

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 historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Allowance of diminution in value of inventories

In determining an allowance of diminution in value of inventories, the management makes judgment and estimates net realisable value of inventories based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of reporting period. Also, the management makes judgment and estimates expected loss from stock obsolescence based upon conditions and aging profile of inventories.

Building and equipment/Depreciation

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

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

6. Related party transactions

During the years, the Group had significant business transactions with related parties and related persons. 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 and related persons.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	2023	2022	2023	2022	Pricing policy
<u>Transactions with subsidiary</u>					
Sales income	-	-	3,432	5,870	Cost plus margin
Management income	-	-	1,044	1,044	As specified in contract
Interest income	-	-	1,626	1,516	As specified in contract
<u>Transactions with related companies</u>					
Sales income	56,935	48,703	56,935	48,703	Cost plus margin
<u>Transactions with managements and directors</u>					
Sales income	144	135	144	135	Selling price net of discount as specified in the Company's policy

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<u>Trade receivables - related parties</u> (Note 8)				
Subsidiary	-	-	8,473	10,738
Related companies	317	4,211	317	4,211
	<u>317</u>	<u>4,211</u>	<u>8,790</u>	<u>14,949</u>
<u>Accrued income - related parties</u> (Note 8)				
Related companies	22,392	16,302	22,392	16,302
	<u>22,392</u>	<u>16,302</u>	<u>22,392</u>	<u>16,302</u>
<u>Accrued interest income - related parties</u> (Note 8)				
Subsidiary	-	-	959	-
	<u>-</u>	<u>-</u>	<u>959</u>	<u>-</u>

Loans to subsidiary

As at 31 December 2023 and 2022, the balance of loans between the Company and its subsidiary and the movement are as follows.

(Unit: Thousand Baht)

Loans to	Interest rate (%per annum)	Separate financial statements			
		Balance as at 31 December 2022	Increase during the year	Decrease during the year	Balance as at 30 September 2023
Chic Republic Co., Ltd.					
- Short-term	4.00	1,500	4,200	-	5,700
- Long-term	5.00	29,300	-	-	29,300
Less: Current portion		-			(3,600)
Net of current portion		<u>29,300</u>			<u>25,700</u>

Directors and management's benefits

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

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2023	2022
Short-term employee benefits	23,431	20,990
Post-employment benefits	650	679
Total	24,081	21,669

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its subsidiary, as described in Note 29.5 to the financial statements.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash	129	173	89	143
Bank deposits - saving account	89,358	147,989	81,081	147,130
Bank deposits - current account	6,705	960	6,704	960
Total	96,192	149,122	87,874	148,233

As at 31 December 2023, bank deposits in saving accounts of the Group carried interests between 0.15 and 0.60 percent per annum (2022: between 0.15 and 0.55 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	265	322	643
Past due				
Up to 3 months	317	3,946	537	4,084
3 - 6 months	-	-	220	-
6 - 12 months	-	-	924	4,388
Over 12 months	-	-	8,287	5,834
Total	317	4,211	10,290	14,949
Less: Allowance for expected credit losses	-	-	(1,500)	-
Total trade receivables - related parties, net	317	4,211	8,790	14,949

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	54,116	22,439	54,105	22,428
Past due				
Up to 3 months	12,657	8,781	12,657	8,781
3 - 6 months	25	385	25	385
6 - 12 months	271	30	271	30
Over 12 months	470	671	470	671
Total	67,539	32,306	67,528	32,295
Less: Allowance for expected credit losses	(231)	(802)	(231)	(802)
Total trade receivables - unrelated parties, net	67,308	31,504	67,297	31,493
Total trade receivables - net	67,625	35,715	76,087	46,442
<u>Other receivables</u>				
Retention receivables	21,339	36,546	21,339	36,546
Prepaid expenses	3,115	3,050	2,962	2,896
Accrued income	46,223	42,918	46,223	42,918
Accrued income - related parties (Note 2)	22,392	16,302	22,392	16,302
Accrued interest income - related party (Note 2)	-	-	959	-
Other receivables	96	103	96	103
Total other receivables	93,165	98,919	93,971	98,765
Trade and other receivables - net	160,790	134,634	170,058	145,207

As at 31 December 2023 and 2022, the Group has accrued income from projects which have not been invoiced by delivering period are as follows.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2023	2022
Have been delivered		
Up to 3 months	44,143	20,496
3 - 6 months	10,546	20,326
6 - 12 months	13,926	18,398
Total	68,615	59,220

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 1 January 2023	802	802
Provision for expected credit losses (reversal)	(571)	929
As at 31 December 2023	231	1,731

9. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2023	2022	2023	2022	2023	2022
Finished goods	151,870	169,820	(12,858)	(10,625)	139,012	159,195
Goods in transit	3,026	1,355	-	-	3,026	1,355
Total	154,896	171,175	(12,858)	(10,625)	142,038	160,550
Less: Consignment inventories	(49,065)	(52,698)	-	-	(49,065)	(52,698)
Inventories - net	105,831	118,477	(12,858)	(10,625)	92,973	107,852

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2023	2022	2023	2022	2023	2022
Finished goods	147,631	164,361	(12,701)	(10,466)	134,930	153,895
Goods in transit	3,026	1,355	-	-	3,026	1,355
Total	150,657	165,716	(12,701)	(10,466)	137,956	155,250
Less: Consignment Inventories	(49,065)	(52,698)	-	-	(49,065)	(52,698)
Inventories - net	101,592	113,018	(12,701)	(10,466)	88,891	102,552

During the current year, the Group reduced cost of inventories by Baht 2.23 million (the Company only: Baht 2.24 million), to reflect the net realisable value. This was included in cost of sales (2022: the Group reversed the write-down of cost of inventories by Baht 0.57 million (the Company only: Baht 0.73 million), and reduced the amount of inventories recognised as expenses during the year.

10. Other financial assets

	Interest rate (% per annum)		(Unit: Thousand Baht) Consolidated/Separate financial statements	
			2023	2022
	2023	2022	2023	2022
<u>Debt instruments at amortised cost</u>				
6-month fixed deposits	1.10 and 1.20	0.30 and 1.00	56	55
3-month fixed deposits	0.65	0.65	200	200
3-year Government Saving Bank bond	-	0.33	-	2,200
Total			256	2,455
<u>Financial assets at FVTPL</u>				
Derivative assets (Note 30.1)			63	-
Total			63	-
Total other financial assets			319	2,455
Current			119	2,255
Non-current			200	200
			319	2,455

11. Restricted bank deposit

As at 31 December 2023 and 2022, the Company has pledged saving account as collateral to comply with Ministerial Regulations of direct sales and direct marketing with Office of the Consumer Protection Board.

12. Investment in subsidiaries

Investment in subsidiaries presented in the separate financial statements as detailed below:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the years	
							2023	2022
	2023	2022	2023	2022	2023	2022	2023	2022
			(%)	(%)				
Chic Republic Co., Ltd.	20,000,000	20,000,000	100	100	159	159	-	-
	Cambodian Riel	Cambodian Riel						
Chic Stay Co., Ltd.	6,500,000 Baht	6,500,000 Baht	60	-	3,900	-	-	-
Total					4,059	159	-	-

On 20 December 2023, the Company invested in a newly established subsidiary incorporated in Thailand (referred to Note 2.2 to the financial statements).

13. Investment properties

The net book value of rental space as at 31 December 2023 and 2022 are presented below.

	(Unit: Thousand Baht)	
	Consolidated/ Separate financial statements	
	2023	2022
Cost	49,028	48,189
Less: Accumulated depreciation	(20,169)	(17,875)
Net book value	28,859	30,314

A reconciliation of the net book value of investment properties for the years 2023 and 2022 are presented below.

	(Unit: Thousand Baht)	
	Consolidated/ Separate financial statements	
	2023	2022
Net book value at the beginning of year	30,314	31,586
Addition	840	1,161
Depreciation	(2,295)	(2,433)
Net book value at the end of year	28,859	30,314

The fair value of the investment properties as at 31 December 2023 and 2022 stated below:

	(Unit: Million Baht)	
	Consolidated/ Separate financial statements	
	2023	2022
Rental space	222.08	185.49

The fair value of the above investment properties has been determined based on valuation performed by the management. The fair value of the rental space has been determined using the income approach. Key assumptions used in the valuation include yield rate and long-term growth rental rates that specified in the rental agreements. The fair value measurement was categorised within Level 3 of the fair value hierarchy.

The Company has pledged investment properties amounting to approximately Baht 8.08 million (2022: Baht 26.60 million) as collateral against credit facilities received from banks.

14. Building and equipment

(Unit: Thousand Baht)

Consolidated financial statements									
	Land improvement	Building	Building improvement	Decoration	Furniture, fixture and office equipment	Tooling	Vehicle	Construction in progress	Total
Cost									
As at 1 January 2022	7,814	800,891	171,747	249,592	28,186	10,540	8,819	1,584	1,279,173
Addition	-	-	443	23	1,321	1,013	-	4,073	6,873
Disposal	-	-	-	-	(888)	(44)	-	-	(932)
Write-off	-	-	-	(3,346)	-	-	-	-	(3,346)
Translation adjustment	-	-	475	560	26	61	-	-	1,122
As at 31 December 2022	7,814	800,891	172,665	246,829	28,645	11,570	8,819	5,657	1,282,890
Addition	-	-	-	473	2,043	215	-	46,116	48,847
Disposal	-	-	-	-	(30)	-	-	-	(30)
Write-off	-	-	-	-	(13)	(49)	-	-	(62)
Transfer in (out)	-	-	39,306	8,340	-	-	-	(47,646)	-
Transfer from right-of-use assets	-	-	-	-	-	-	2,429	-	2,429
Translation adjustment	-	-	(141)	(166)	(8)	(18)	-	-	(333)
As at 31 December 2023	7,814	800,891	211,830	255,476	30,637	11,718	11,248	4,127	1,333,741

(Unit: Thousand Baht)

Consolidated financial statements

	Land improvement	Building	Building improvement	Decoration	Furniture, fixture and office equipment	Tooling	Vehicle	Construction in progress	Total
Accumulated depreciation									
As at 1 January 2022	3,528	226,594	38,312	132,199	25,971	8,811	8,819	-	444,234
Depreciation for the year	391	31,172	7,535	15,139	1,324	853	-	-	56,414
Accumulated depreciation on disposal	-	-	-	-	(886)	(42)	-	-	(928)
Accumulated depreciation on write-off	-	-	-	(3,139)	-	-	-	-	(3,139)
Translation adjustment	-	-	135	160	19	31	-	-	345
As at 31 December 2022	3,919	257,766	45,982	144,359	26,428	9,653	8,819	-	496,926
Depreciation for the year	391	31,172	8,496	15,357	1,376	873	-	-	57,665
Accumulated depreciation on disposal	-	-	-	-	(27)	-	-	-	(27)
Accumulated depreciation on write-off	-	-	-	-	(9)	(49)	-	-	(58)
Transfer from right-of-use assets	-	-	-	-	-	-	2,429	-	2,429
Translation adjustment	-	-	(107)	(127)	(10)	(24)	-	-	(268)
As at 31 December 2023	4,310	288,938	54,371	159,589	27,758	10,453	11,248	-	556,667
Net book value									
As at 31 December 2022	3,895	543,125	126,683	102,470	2,217	1,917	-	5,657	785,964
As at 31 December 2023	3,504	511,953	157,459	95,887	2,879	1,265	-	4,127	777,074
Depreciation for the year									
2022 (Baht 54 million included in selling and distribution expenses, and the remaining balance in administrative expenses)									56,414
2023 (Baht 56 million included in selling and distribution expenses, and the remaining balance in administrative expenses)									57,665

(Unit: Thousand Baht)

Separate financial statements									
	Land	Building	Building		Furniture, fixture and office equipment	Tooling	Vehicle	Construction in progress	Total
Cost	improvement		improvement	Decoration					
As at 1 January 2022	7,814	800,891	158,092	233,550	27,430	8,777	8,819	1,584	1,246,957
Addition	-	-	443	23	1,282	1,011	-	4,073	6,832
Disposal	-	-	-	-	(888)	(44)	-	-	(932)
Write-off	-	-	-	(3,346)	-	-	-	-	(3,346)
As at 31 December 2022	7,814	800,891	158,535	230,227	27,824	9,744	8,819	5,657	1,249,511
Addition	-	-	-	473	1,922	204	-	46,116	48,715
Disposal	-	-	-	-	(30)	-	-	-	(30)
Write-off	-	-	-	-	(13)	(49)	-	-	(62)
Transfer in (out)	-	-	39,306	8,340	-	-	-	(47,646)	-
Transfer from right-of-use assets	-	-	-	-	-	-	2,429	-	2,429
As at 31 December 2023	7,814	800,891	197,841	239,040	29,703	9,899	11,248	4,127	1,300,563

(Unit: Thousand Baht)

Separate financial statements									
	Land improvement	Building	Building improvement	Decoration	Furniture, fixture and office equipment	Tooling	Vehicle	Construction in progress	Total
Accumulated depreciation									
As at 1 January 2022	3,528	226,594	33,470	126,510	25,365	7,684	8,819	-	431,970
Depreciation for the year	391	31,172	5,932	13,256	1,237	480	-	-	52,468
Accumulated depreciation on disposal	-	-	-	-	(886)	(42)	-	-	(928)
Accumulated depreciation on write-off	-	-	-	(3,139)	-	-	-	-	(3,139)
As at 31 December 2022	3,919	257,766	39,402	136,627	25,716	8,122	8,819	-	480,371
Depreciation for the year	391	31,172	6,900	13,482	1,282	581	-	-	53,808
Accumulated depreciation on disposal	-	-	-	-	(27)	-	-	-	(27)
Accumulated depreciation on write-off	-	-	-	-	(9)	(49)	-	-	(58)
Transfer from right-of-use assets	-	-	-	-	-	-	2,429	-	2,429
As at 31 December 2023	4,310	288,938	46,302	150,109	26,962	8,654	11,248	-	536,523
Net book value									
As at 31 December 2022	3,895	543,125	119,133	93,600	2,108	1,622	-	5,657	769,140
As at 31 December 2023	3,504	511,953	151,539	88,931	2,741	1,245	-	4,127	764,040
Depreciation for the year									
2022 (Baht 51 million included in selling and distribution expenses, and the remaining balance in administrative expenses)									52,468
2023 (Baht 53 million included in selling and distribution expenses, and the remaining balance in administrative expenses)									53,808

The Company has pledged building and building improvement amounting to approximately Baht 372.37 million (2022: Baht 621.52 million) as collateral against credit facilities received from banks.

As at 31 December 2023, certain items of building and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 114.08 million (2022: Baht 103.19 million) (the Company only: Baht 111.56 million (2022: Baht 102.80 million)).

15. Intangible assets

The net book value of computer software as at 31 December 2023 and 2022 is presented below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Cost		
As at 1 January 2022	19,750	19,421
Addition	677	677
Translation adjustment	11	-
As at 31 December 2022	20,438	20,098
Addition	713	713
Translation adjustment	(3)	-
As at 31 December 2023	21,148	20,811
Accumulated amortisation		
As at 1 January 2022	12,389	12,284
Amortisation for the year	1,218	1,183
Translation adjustment	2	-
As at 31 December 2022	13,609	13,467
Amortisation for the year	1,129	1,095
Translation adjustment	(1)	-
As at 31 December 2023	14,737	14,562
Net book value		
As at 31 December 2022	6,829	6,631
As at 31 December 2023	6,411	6,249

16. Short-term loans from banks

			(Unit: Thousand Baht)	
	Interest rate		Consolidated/	
	(% per annum)		Separate financial statements	
	2023	2022	2023	2022
Promissory notes	3.10 - 4.00	2.00 - 3.40	76,000	99,000
Trust Receipt	3.80	3.10	21,651	20,501
Total			97,651	119,501

Some of loans are secured by the mortgage of leasehold land, building and construction thereon.

As at 31 December 2023, the short-term credit facilities of the Company which have not been drawn down amounted to Baht 315.10 million (2022: Baht 285.77 million).

17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Trade payables	52,813	45,014	52,326	44,532
Other payables	15,810	16,720	14,250	13,958
Advances received from customers	35,490	37,682	34,917	37,369
Retention payables	5,206	7,049	5,206	7,049
Accrued expenses	33,366	15,948	32,963	15,920
Others	887	937	680	933
Total trade and other payables	143,572	123,350	140,342	119,761

18. Long-term loans

(Unit: Thousand Baht)					
Consolidated/					
Separate financial statements					
Loan	Credit limit (Million Baht)	Interest rate (%)	Repayment schedule	2023	2022
1	175.00	MLR - 2.875	Monthly installments of principal start from December 2020 and completely settlement within 60 months. Monthly installment of Baht 3,300,000 (On 18 June 2021, the Company has amended the repayment schedule from June 2021 to November 2021, monthly installment of Baht 1,000,000, from December 2021 to April 2022, monthly installment of Baht 2,000,000. Then monthly installment will be the same as main agreement) *	75,267	112,303
2	100.00	MLR - 2.025	Monthly installments of principal start from October 2019 and completely settlement within 84 months, the 1st to 24th month, monthly installment of Baht 1,000,000, the 25th to 84th month, monthly installment of Baht 1,750,000 **	37,639	70,703
3	20.00	3.95 - 4.45	Quarterly installments of principal start from July 2022 and completely settlement in January 2028. Quarterly installment of Baht 250,000 – Baht 1,500,000 as stipulated in the Agreement	-	19,250
Total				112,906	202,256
Less: Deferred front end fee				(83)	(178)
Long-term loans, net of deferred front end fee				112,823	202,078
Less: Current portion				(58,653)	(62,978)
Long-term loans, net of current portion				54,170	139,100

* Regarding the Coronavirus disease 2019 Pandemic, on 22 May 2020, the Company received a waiver of deferred principal repayment from December 2020 to April 2021 without payment default.

** Regarding the Coronavirus disease 2019 Pandemic, on 22 May 2020, the Company received a waiver of deferred principal repayment from May 2020 to April 2021 without payment default.

The loans are secured by the mortgage of leasehold land, building and construction thereon.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

19. Leases

19.1 The Group as a lessee

a) Right-of-use assets

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land improvement	Building and building improvement	Vehicles	Total
1 January 2022	466,342	53,532	6,101	525,975
Additional	-	-	1,839	1,839
Depreciation for the year	(20,758)	(13,639)	(2,552)	(36,949)
Decrease from lease modification	(44,443)	(1,733)	-	(46,176)
Translation adjustment	-	1,520	-	1,520
31 December 2022	401,141	39,680	5,388	446,209
Additional	-	-	1,119	1,119
Depreciation for the year	(20,470)	(13,464)	(2,096)	(36,030)
Decrease from lease modification	-	(497)	-	(497)
Translation adjustment	-	(79)	-	(79)
31 December 2023	380,671	25,640	4,411	410,722

(Unit: Thousand Baht)

	Separate financial statements			
	Land improvement	Building and building improvement	Vehicles	Total
1 January 2022	466,342	30,254	6,101	502,697
Additional	-	-	1,839	1,839
Depreciation for the year	(20,758)	(9,430)	(2,552)	(32,740)
Decrease from lease modification	(44,443)	-	-	(44,443)
31 December 2022	401,141	20,824	5,388	427,353
Additional	-	-	1,119	1,119
Depreciation for the year	(20,470)	(9,429)	(2,096)	(31,995)
31 December 2023	380,671	11,395	4,411	396,477

The Company has pledged right-of-use assets amounting to approximately Baht 185.55 million (2022: Baht 281.83 million) as collateral against credit facilities received from banks as discussed in Notes 16 and 18.

The land lease agreements contain conditions about agreement renewal whereby the Company has a right to be the first to select whether to purchase or continue to lease the land after the expiration of the agreements and upon the termination of the land lease agreements, the Company will transfer building on the leased land to the lessee or remove building from such land. Some of land lease agreements stipulated the Company to remove the building from the land at the end of the lease term. The management did not record the assets retirement obligation as the management had reviewed that the Company will not incur additional costs of removing the building.

b) Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate financial	
	financial statements		statements	
	2023	2022	2023	2022
Lease payments	559,912	596,288	538,491	570,351
Less: Deferred interest expenses	(188,442)	(203,682)	(186,481)	(200,625)
Total	371,470	392,606	352,010	369,726
Less: Portion due within one year	(23,787)	(21,863)	(19,226)	(18,577)
Lease liabilities - net of current portion	347,683	370,743	332,784	351,149

A maturity analysis of lease payments is disclosed in Note 30.2 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	
	2023	2022	2023	2022
Depreciation expense of right-of-use assets	36,030	36,949	31,995	32,740
Interest expense on lease liabilities	15,311	16,585	14,235	15,392
Expense relating to short-term leases	1,668	1,540	1,572	1,443
Expense relating to variable lease payments	10,982	14,628	9,787	11,838

The Group has lease contracts for office building space that contains variable payments based on sales. The lease term is 9 years.

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2023 of Baht 49.72 million (2022: Baht 65.42 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.

19.2 The Group as a lessor

The Group has entered into operating leases for its investment property portfolio consisting of rental space of the lease terms are between 1 - 20 years as discussed in Note 13.

The Group has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2023 and 2022 as follows:

	(Unit: Thousand Baht)	
	Consolidated/ Separate financial statements	
	2023	2022
Within 1 year	18,952	15,377
Over 1 year and up to 5 years	14,708	28,573
Total	33,660	43,950

During the year 2023, the Group has sub-lease income amounting to Baht 25.51 million (2022: Baht 19.41 million).

20. 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	
	2023	2022
Provision for long-term employee benefits at beginning of year	17,081	17,255
Included in profit or loss		
Current service cost	1,716	1,830
Interest cost	192	125
Included in other comprehensive income		
Actuarial gain arising from		
Financial assumptions changes	-	(584)
Experience adjustments	-	(846)
Payment for benefit	-	(699)
Provision for long-term employee benefits at end of year	18,989	17,081

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows.

	(Unit: Thousand Baht)	
	Consolidated/ Separate financial statements	
	2023	2022
Selling and distribution expenses	680	639
Administrative expenses	1,228	1,316
Total expenses recognised in profit or loss	1,908	1,955

The Group expects to pay Baht 2.42 million of long-term employee benefits during the next year (2022: Baht 9.80 million).

As at 31 December 2023, the weighted average duration of the liabilities for long-term employee benefit is 8 years (2022: 8 years).

Significant actuarial assumptions are summarised below.

	(Unit: % per annum)	
	Consolidated/ Separate financial statements	
	2023	2022
Discount rate	2.63	2.63
Salary increase rate	6.0	6.0
Turnover rate	4 - 46	4 - 46

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

	% per annum	(Unit: Thousand Baht)			
		Consolidated/Separate financial statements			
		2023		2022	
		Increase	Decrease	Increase	Decrease
Discount rate	1	(591)	671	(521)	593
Salary increase rate	1	734	(660)	567	(510)
Turnover rate	20	(989)	1,274	(760)	969

21. Share capital

During 18 - 21 July 2022, the Company sold through an initial public offering amounting to 360 million shares at Baht 0.90 each, totaling Baht 324.00 million with share premium, net of initial public offering expenses, of Baht 133.78 million. The Company was registered the increase of paid-up share capital with the Ministry of Commerce on 21 July 2022.

22. Statutory reserve

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

23. Expenses by nature

Significant expenses classified by nature are as follows.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Purchase	269,415	381,138	264,330	379,752
Changes in inventories	12,646	15,790	11,426	13,462
Salaries and wages and other employee benefits	99,851	97,402	97,221	94,254
Depreciation and amortisation	97,118	97,013	89,192	88,824
Rental expenses from lease agreements	12,650	16,168	11,359	13,281
Facilities expenses	30,455	27,735	29,301	26,544

24. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Current income tax:				
Current income tax charge	12,404	8,675	10,874	8,376
Deferred tax:				
Relating to origination and reversal of temporary differences	(312)	(4,124)	(725)	(3,609)
Income tax expense reported in profit or loss	12,092	4,551	10,149	4,767

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Deferred tax on actuarial gains and losses	-	286	-	286
	-	286	-	286

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Accounting profit before tax	26,308	21,133	34,655	27,334
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	5,262	4,227	6,931	5,468
Income tax expense which calculated from revenue (1%)	230	300	-	-
Effects of additional expenses deduction allowed and non-deductible expenses	6,600	24	3,218	(701)
Income tax expense reported in profit or loss	12,092	4,551	10,149	4,767

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Deferred tax assets				
Allowance for expected credit losses	46	161	346	161
Allowance for diminution in value of inventories	2,572	2,125	2,540	2,093
Provision for long-term employee benefits	3,798	3,416	3,798	3,416
Leases	20,153	20,416	19,111	19,440
Unused tax loss	2,253	2,961	-	-
Others	398	301	123	123
Total	29,220	29,380	25,918	25,233

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Deferred tax liabilities				
Accumulated depreciation				
- building and equipment	890	1,210	-	-
Others	52	204	52	91
Total	942	1,414	52	91
Deferred tax assets - net	28,278	27,966	25,866	25,142

As at 31 December 2023, the subsidiary has the unused tax losses amounting to Baht 11.27 million (2022: Baht 15.09 million) will expire by 2028 (2022: by 2026).

25. 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.

26. 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 of the Group has been identified as director.

The Group are principally engaged in the distribution and installation of furniture, house and garden decoration including related services.

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2023	2022
Thailand	669,295	740,100
Cambodia	20,582	29,961
Total	689,877	770,061

Non-current assets (other than financial instruments and deferred tax assets).

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2023	2022
Thailand	1,198,080	1,233,711
Cambodia	29,739	38,135
Total	1,227,819	1,271,846

For the year 2023 and 2022, the Group have no major customer with revenue of 10 percent or more of an entity's revenues.

27. Provident fund

The Company and its employees have joined a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by fund manager of provident fund, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2023 amounting to approximately Baht 0.75 million were recognised as expenses (2022: Baht 0.68 million).

28. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht per share)
Final dividend from 2022 operations	Annual General Shareholders' Meeting on 17 April 2023	3,400	0.0025
Total for 2023		<u>3,400</u>	
Final dividend from 2021 operations and 2020 operations	Annual General Shareholders' Meeting on 18 April 2022	20,000	0.0200
Interim dividend for 2022	Board of Directors Meeting on 27 June 2022	<u>80,000</u>	0.0800
Total for 2022		<u>100,000</u>	

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2023, the Company had capital commitments of approximately Baht 1.22 million (2022: Baht 35.85 million), relating to the construction of building and building improvement.

29.2 Purchase commitments

As at 31 December 2023, the Company had commitments relating to purchases of goods of approximately USD 0.33 million and RMB 0.36 million (2022: USD 0.08 million).

29.3 Service commitments

The Group has entered into service agreements. The terms of the agreements are 9 years.

As at 31 December 2023 and 2022, the Group has future minimum payments required under these non-cancellable service contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Payable:				
In up to 1 year	3.33	3.24	1.24	1.24
In over 1 year and up to 5 years	6.81	10.18	0.26	1.50
	<u>10.14</u>	<u>13.42</u>	<u>1.50</u>	<u>2.74</u>

29.4 Guaranty of brand sublicensing commitment

The Company entered into a trademark license agreement with a vendor, the licensee for the right to use the ASHLEY FURNITURE HOMESTORE Brand. This agreement grants the Company the right to sell products under the "ASHLEY" brand names as stipulated in the agreement without any payments for trademark license fee. The agreement is effective for a period of 3 years and will be renewed for further periods of 2 years. The agreement requires major shareholders of the Company to guaranty the performance of the terms and conditions of the agreement.

29.5 Guaranty of License Agreement commitment

During 2023 a subsidiary entered into a License Agreement with a Licensee for the right to use the Trademark and platforms. This agreement grants the subsidiary the right to use the Trademark and platforms to manage and rent residence with percentage of royalty fee as stipulated in the agreement. The agreement is effective for a period of 20 years. The agreement requires the Company to guaranty the performance of the terms and conditions of the agreement.

29.6 Guarantees

As at 31 December 2023, there were outstanding bank guarantees of approximately Baht 53.35 million (2022: Baht 81.13 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 45.34 million (2022: Baht 73.12 million) to guarantee contractual performance with customers and Baht 8.01 million (2022: Baht 8.01 million) to guarantee electricity use.

30. Financial instruments

30.1 Derivatives

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2023	2022
Derivative assets		
Derivative assets not designated as hedging instruments		
Foreign exchange forward contracts	63	-
Derivative liabilities		
Derivatives liabilities not designated as hedging instruments		
Foreign exchange forward contracts	31	180

Derivatives not designated as hedging instruments

The Company uses foreign currency 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 to 12 months. These derivatives are valued at FVTPL.

The fair value measurement of derivatives was categorised within Level 2 of the fair value hierarchy. During the current year, there were no transfers within the fair value hierarchy.

30.2 Financial risk management objectives and policies

The Group's financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets, restricted bank deposit, short-term loans from banks, trade and other payables, long-term loans and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables and deposits with banks. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade and other 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 trade and other receivables are regularly monitored.

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. 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.

Cash deposits

The Group manages the credit risk from balances with banks 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-ratings agencies.

Market risk

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

Foreign currency risk

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

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, other financial assets, restricted bank deposits, short-term loans from banks, long-term loans, and lease liabilities. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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

(Unit: Million Baht)

Consolidated financial statements							
2023							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 to 5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	-	-	-	89.36	6.83	96.19	Note 7
Trade and other receivables	-	-	-	-	160.79	160.79	-
Other financial assets	0.06	0.20	-	-	0.06	0.32	Note 10
Restricted bank deposit	-	-	-	0.03	-	0.03	0.55
Financial liabilities							
Short-term loans from banks	97.65	-	-	-	-	97.65	Note 16
Trade and other payables	-	-	-	-	143.57	143.57	-
Long-term loans from banks	-	-	-	112.82	-	112.82	5.20 - 6.05
Lease liabilities	23.79	58.60	289.08	-	-	371.47	3.00 - 10.25

(Unit: Million Baht)

Consolidated financial statements							
2022							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 to 5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	-	-	-	147.99	1.13	149.12	Note 7
Trade and other receivables	-	-	-	-	134.63	134.63	-
Other financial assets	2.26	0.20	-	-	-	2.46	Note 10
Restricted bank deposit	-	-	-	0.03	-	0.03	0.33
Financial liabilities							
Short-term loans from banks	119.50	-	-	-	-	119.50	Note 16
Trade and other payables	-	-	-	-	123.35	123.35	-
Long-term loans from banks	-	-	-	202.08	-	202.08	3.95 - 5.00
Lease liabilities	21.86	69.35	301.40	-	-	392.61	3.00 - 10.25

(Unit: Million Baht)

	Separate financial statements						
	2023						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 to 5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	-	-	-	81.08	6.79	87.87	Note 7
Trade and other receivables	-	-	-	-	170.06	170.06	-
Short-term loans to subsidiary	5.70	-	-	-	-	5.70	Note 6
Other financial assets	0.06	0.20	-	-	0.06	0.32	Note 10
Restricted bank deposit	-	-	-	0.03	-	0.03	0.55
Long-term loans to subsidiary	3.60	25.70	-	-	-	29.30	Note 6
Financial liabilities							
Short-term loans from banks	97.65	-	-	-	-	97.65	Note 16
Trade and other payables	-	-	-	-	140.34	140.34	-
Long-term loans from banks	-	-	-	112.82	-	112.82	5.20 - 6.05
Lease liabilities	19.23	43.70	289.08	-	-	352.01	3.00 - 10.25

(Unit: Million Baht)

	Separate financial statements						
	2022						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 to 5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	-	-	-	147.13	1.10	148.23	Note 7
Trade and other receivables	-	-	-	-	145.21	145.21	-
Short-term loans to subsidiary	1.50	-	-	-	-	1.50	Note 6
Other financial assets	2.26	0.20	-	-	-	2.46	Note 10
Restricted bank deposit	-	-	-	0.03	-	0.03	0.33
Long-term loans to subsidiary	-	29.30	-	-	-	29.30	Note 6
Financial liabilities							
Short-term loans from banks	119.50	-	-	-	-	119.50	Note 16
Trade and other payables	-	-	-	-	119.76	119.76	-
Long-term loans from banks	-	-	-	202.08	-	202.08	3.95 -5.00
Lease liabilities	18.58	49.75	301.40	-	-	369.73	3.00 - 10.25

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of affected as at 31 December 2023 and 2022.

Currency	Increase/decrease (%)	Effect on profit before tax (Thousand Baht)	
		2023	2022
Baht	+0.25	(282)	(506)
	-0.25	282	506

The above analysis has been prepared assuming that the amounts of the floating rate loans from and all other variables remain constant over one year. Moreover, the floating legs of these loans from is assumed to not yet have set interest rates. As a result, a change in interest rates affects interest receivable/payable for the full 12-month period of the sensitivity calculation. This information is not a forecast or prediction of future market conditions and should be used with care.

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank loans and lease contracts. Approximately 31% of the Group's debt will mature in less than one year at 31 December 2023 (2022: 29%) (the Company only: 31%, (2022: 29%)) 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 it to be low. 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 as at 31 December 2023 and 2022 based on contractual undiscounted cash flows.

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	2023			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans from banks	100,920	-	-	100,920
Trade and other payables	143,572	-	-	143,572
Lease liabilities	38,189	108,956	412,767	559,912
Long-term loans	61,831	57,096	-	118,927
Total	344,512	166,052	412,767	923,331

(Unit: Thousand Baht)

Consolidated financial statements				
2022				
	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans from banks	123,301	-	-	123,301
Trade and other payables	123,350	-	-	123,350
Lease liabilities	37,140	122,355	436,793	596,288
Long-term loans	65,808	145,226	-	211,034
Total	349,599	267,581	436,793	1,053,973

(Unit: Thousand Baht)

Separate financial statements				
2023				
	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans from banks	100,920	-	-	100,920
Trade and other payables	140,342	-	-	140,342
Lease liabilities	32,766	92,958	412,767	538,491
Long-term loans	61,831	57,096	-	118,927
Total	335,859	150,054	412,767	898,680

(Unit: Thousand Baht)

Separate financial statements				
2022				
	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans from banks	123,301	-	-	123,301
Trade and other payables	119,761	-	-	119,761
Lease liabilities	32,785	100,773	436,793	570,351
Long-term loans	65,808	145,226	-	211,034
Total	341,655	245,999	436,793	1,024,447

30.3 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 is not expected to be materially different from the amounts presented in the statement of financial position.

31. Capital management

The primary objective of the Group's capital management is to ensure that they have appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2023, the Group's debt-to-equity ratio was 0.90:1 (2022: 1.04:1) and the Company only was 0.84:1 (2022: 0.99:1).

32. Events after the reporting period

On 9 January 2024, the Company entered into a land lease agreement for a plot of land with a land lessor to expand a new branch. The land lease agreement has a term of 30 years and is extended for another 2 years, with a total rental compensation of Baht 53.35 million. The Company registered the land registration with the Department of Lands on 10 January 2024 and currently, the Company has paid the rental compensation of Baht 10 million.

33. Approval of financial statements

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 29 February 2024.