

Samart Digital Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2023



EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Klongtoey, Bangkok 10110
Tel: +66 2264 9090
Fax: +66 2264 0789
ey.com

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเลคร์จาดา
193/136-137 ถนนรัชดาภิเษก
แขวงคลองเตย เขตคลองเตย กรุงเทพฯ 10110
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789
ey.com

Independent Auditor's Report

To the Shareholders of Smart Digital Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Smart Digital Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the related consolidated statements of income, 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 Smart Digital 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 Smart Digital Public Company Limited and its subsidiaries and of Smart Digital 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.



Building a better
working world

Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 to the financial statements regarding the ability of the Group to continue as a going concern. The Group has incurred operating losses for a number of consecutive years. As at 31 December 2023, the Group's current liabilities exceeded its current assets by Baht 2,230 million (the Company only: Baht 2,651 million). Additionally, it had a deficit of Baht 5,625 million. In addition, since 27 February 2023, the Company's securities have been posted with "C" (Caution) sign. However, the Company entered into business alliance agreements with a group of customers in order to increase its capability to provide Digital Trunked Radio System (DTRS) services, which is a new business in which it possesses expertise and experience. Furthermore, the Company is currently negotiating with other customer groups to offer its services.

In addition, as mentioned in Note 20 to the financial statements, the Company was unable to maintain certain financial ratios and shareholding percentages as stipulated in the loan agreements with financial institutions. Therefore, the loans of Baht 1,951 million may be payable on demand. However, the Company expects to receive waivers from the financial institutions. In addition, the Company received Letter of Intent from its parent company committing to providing continuous financial support to the Group. The management therefore believes that the Group will be able to continue as a going concern.

The above circumstances indicate that there are material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern. This will depend on the Group's ability to manage cash flows to be adequate for debt repayments, the success of negotiations with the financial institutions to amend the conditions and extend the repayment period of its long-term loans, and the success of its plans to enhance future operations.

My opinion is not modified in respect of this matter.



Building a better
working world

Emphasis of Matter

I draw attention to Note 36.6 to the financial statements regarding a dispute of I-Mobile Plus Co., Ltd., a subsidiary, relating to breach of contract with respect to 3G mobile network service trial project with an organisation. In October 2018, a subsidiary filed a plaint claiming compensation from such organisation with the Civil Court amounting to Baht 1,941 million. On 9 March 2023, the Court of First Instance issued a judgment ordering such organisation to pay the subsidiary Baht 748 million in compensation, plus interest from the date of filing until the debt is fully paid. On 5 September 2023, the subsidiary filed an appeal against the judgment of the Court of First Instance, requesting the Court of Appeal to consider the case and order the defendant to pay additional damages totaling Baht 812 million. Currently, the case is being considered by the Court of Appeal. However, in 2020 such organisation filed a suit against the Company and the subsidiary with the Central Administrative Court demanding payments of fees and interest thereon amounting to Baht 212 million (including interest thereon). On 14 December 2023, the Civil of First Instance issued an order that both the Company and its subsidiary collectively pay Baht 137 million to such organisation, along with an annual interest, starting from 20 December 2017, until the complete settlement. As of 31 December 2023, the subsidiary has fully recorded the liability (under provision and other payable). Subsequently, on 9 February 2024, the subsidiary sought an extension for the appeal period, which the court granted, extending the appeal deadline until 14 March 2024.

Based on the opinion of the legal advisor and the Group's management, it is believed that the Group will not incur significant losses related to the two disputes. Nevertheless, the outcomes of these disputes are currently pending finalisation and are contingent upon the judicial proceedings in the future.

The subsidiary has exercised prudence in recognising the aforementioned debt in accordance with accounting standards. This recognition does not alter the nature of the case and should not be construed as a waiver of legal rights. Additionally, the recording of this debt does not imply that the Company and its subsidiary will abstain from asserting their rights through the legal justice process in the future. The Company and the subsidiary maintain confidence in their legal position and are committed to pursuing the legal process until its conclusion.

My opinion is not modified in respect of this matter.



Building a better
working world

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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, key audit matters and how audit procedures respond for each matter are described below.

Compliance with loan covenants

As disclosed in Note 20 to the financial statements, as at 31 December 2023 the Company has long-term loans amounting to Baht 1,951 million. Under the loan agreements, the Company has to comply with certain conditions including maintaining financial ratios as stipulated in the agreements. As the long-term loan has significant balances in the financial statements (accounting for 44% and 40% of total liabilities in the consolidated and separate financial statements, respectively), there is a risk that the Company could not comply with the certain conditions or maintain financial ratios in accordance with the loan covenants. This could result in the loan becoming payable on demand and reclassification from non-current liabilities to current liabilities and also the going concern of the Company.

I have checked the conditions and loan covenants as stipulated in the agreements and tested the correctness of the calculation of financial ratios whether they were complied with the loan covenants. I have inquired with the management regarding the process for tracking the condition and loan covenants as well as the process of the waiver in case of breaching the loan covenants. In addition, I have reviewed the appropriateness of the classification of loans and assessed the adequacy of information disclosed in notes to the financial statements with respect to the compliance with the loan covenants, as well as the appropriateness of the going concern basis used in preparing the financial statements of the Company.



Building a better
working world

Revenue recognition from contract work

The Group has disclosed its policies on revenue recognition for services provided under long-term contracts in Note 4.1 and 5.1 to the financial statements. I identified revenue recognition from contract work to be area of significant risk in the audit. This is because the amount of revenue from contract work forms a significant portion, representing 83 percent of the Group's total revenue. In addition, the process of measurement and the determination of appropriate timing of recognition from long-term contracts are areas requiring management to exercise significant judgement to assess the percentage of completion. Therefore I focused on the revenue recognition from long-term contracts.

I gained understanding of the internal controls put in place by the Group over the process of relating to the method that the management used in estimation of the percentage of completion, recognition of revenue and cost of contract work. I made enquiries of responsible executives, gained an understanding of the Group's process to assess the percentage of completion and cost estimates for project. In addition, I also selected long-term contracts made with major customers to read the contracts to consider the conditions relating to revenue recognition and made enquiries as to whether any side contracts were made directly with customer. I inquired with the management about the terms of risks associated with these contracts relevant to revenue recognition. I compared estimates of project costs to the project budgets approved by authorised person. On a sampling basis, I examined relevant documents, considered the rationale for budget revisions, and compared actual costs with supporting documents including testing the calculation of the percentage of completion based on actual costs incurred.

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.



Building a better
working world

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.



Building a better
working world

- 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.



Building a better
working world

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.

A handwritten signature in black ink, appearing to read 'Piya Chaipruckmalakarn'. The signature is fluid and cursive.

Piya Chaipruckmalakarn

Certified Public Accountant (Thailand) No. 7544

EY Office Limited

Bangkok: 22 February 2024

Smart Digital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Assets					
Current assets					
Cash and cash equivalents	7	66,378,842	213,153,518	44,381,417	179,530,563
Trade and other receivables	8	1,454,875,767	86,458,907	1,482,967,518	97,984,847
Short-term loans	6	-	-	20,960,861	104,085,713
Current portion of long-term loans to employees		70,833	-	70,833	-
Inventories	9	98,435,300	220,973,950	98,410,693	220,929,240
Other current financial assets	10	425,000	767,536	-	168,000
Other current assets	11	453,162,574	688,687,378	429,026,190	641,284,396
Total current assets		2,073,348,316	1,210,041,289	2,075,817,512	1,243,982,759
Non-current assets					
Restricted bank deposits	7, 12	102,795,056	102,749,334	102,795,056	102,749,334
Other non-current financial assets	10	3,037,395	2,666,313	2,341,031	1,877,700
Investments in subsidiaries	13	-	-	574,995,603	562,658,223
Equipment	14	2,275,258,869	2,671,758,916	2,267,932,373	2,658,612,047
Right-of-use assets	22	5,842,662	61,056,827	3,148,781	9,155,742
Intangible assets	16	53,178,913	64,634,770	-	-
Deferred tax assets	33	14,554,415	14,465,519	17,146,559	17,756,993
Other non-current assets		71,655,415	124,165,415	-	-
Total non-current assets		2,526,322,725	3,041,497,094	2,968,359,403	3,352,810,039
Total assets		4,599,671,041	4,251,538,383	5,044,176,915	4,596,792,798

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

Samart Digital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2023

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	17	65,759,761	68,188,051	63,059,761	65,188,051
Trade and other payables	18	2,269,933,040	1,037,830,096	2,171,996,497	931,793,516
Short-term borrowings	19	10,378,560	12,707,950	536,500,000	533,000,000
Current portion of long-term loans from financial institutions	20	1,950,817,664	2,501,941,182	1,950,817,664	2,501,941,182
Current portion of lease liabilities	22	1,506,511	40,046,256	541,301	1,184,873
Income tax payable		256,965	287,052	-	-
Unearned revenue		3,496,531	78,450,213	2,821,060	76,884,993
Other current financial liabilities		-	972,608	-	972,608
Other current liabilities		1,265,378	1,858,242	1,133,529	1,143,387
Total current liabilities		4,303,414,410	3,742,281,650	4,726,869,812	4,112,108,610
Non-current liabilities					
Long-term loans from related company	6	-	322,305,000	-	322,305,000
Convertible debentures	21	21,912,210	37,964,379	21,912,210	37,964,379
Lease liabilities, net of current portion	22	5,453,464	77,911,431	3,434,620	9,077,547
Provision for long-term employee benefits	23	8,146,863	12,108,255	4,355,457	6,392,321
Long-term provision		70,546,476	-	-	-
Liabilities for investment in subsidiaries under equity method	13	-	-	88,701,809	26,241,342
Total non-current liabilities		106,059,013	450,289,065	118,404,096	401,980,589
Total liabilities		4,409,473,423	4,192,570,715	4,845,273,908	4,514,089,199

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

Samart Digital Public Company Limited and its subsidiaries

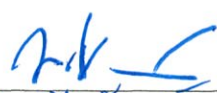
Statement of financial position (continued)


As at 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital	24				
Registered					
50,659,582,534 ordinary shares of Baht 0.1 each (2022: 17,150,979,387 ordinary shares of Baht 0.1 each)		5,065,958,253	1,715,097,938	5,065,958,253	1,715,097,938
Issued and fully paid-up					
29,793,015,672 ordinary shares of Baht 0.1 each (2022: 13,974,865,154 ordinary shares of Baht 0.1 each)		2,979,301,567	1,397,486,515	2,979,301,567	1,397,486,515
Share premium		2,800,118,660	3,509,242,485	2,800,118,660	3,509,242,485
Deficit on changes in percentage of shareholding in subsidiary		(206,369)	(206,369)	(206,369)	(206,369)
Retained earnings					
Appropriated - statutory reserve	25	44,400,000	44,400,000	44,400,000	44,400,000
Unappropriated (deficit)		(5,624,710,851)	(4,868,219,032)	(5,624,710,851)	(4,868,219,032)
Equity attributable to owners of the Company		198,903,007	82,703,599	198,903,007	82,703,599
Non-controlling interests of the subsidiaries		(8,705,389)	(23,735,931)	-	-
Total shareholders' equity		190,197,618	58,967,668	198,903,007	82,703,599
Total liabilities and shareholders' equity		4,599,671,041	4,251,538,383	5,044,176,915	4,596,792,798

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


 คุณอรรถนัย วิไลภรณ์


 คุณสิริวิมล พงษ์มณีภักดิ์

Directors

SAMART
Digital

บริษัท สามารถ ดิจิตอล จำกัด (มหาชน)
 Samart Digital Public Company Limited

Samart Digital Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Revenues					
Sales		90,321,293	132,269,489	88,816,894	131,424,013
Service income	26	184,162,896	158,057,071	81,729,641	38,680,038
Revenue from contract work		1,624,141,326	341,798,281	1,624,141,326	341,798,281
Gain on exchange		11,497,905	4,013,978	11,497,905	4,013,978
Other income	28	55,361,137	6,806,592	17,419,419	13,586,189
Total revenues		1,965,484,557	642,945,411	1,823,605,185	529,502,499
Expenses					
Cost of sales	29	83,075,365	126,148,375	82,306,105	125,516,285
Cost of services		267,710,224	204,852,396	174,437,824	77,046,787
Cost of contract work		1,571,602,781	330,741,617	1,571,602,781	330,741,617
Selling and distribution expenses		13,641,702	9,777,680	917,752	2,048,434
Administrative expenses		71,926,984	95,720,037	37,886,037	66,469,784
Impairment loss on equipment		404,820,588	393,000,000	404,820,588	393,000,000
Other expenses	30	116,434,942	137,508,195	3,557,670	835,413
Total expenses		2,529,212,586	1,297,748,300	2,275,528,757	995,658,320
Operating loss		(563,728,029)	(654,802,889)	(451,923,572)	(466,155,821)
Share of loss from investments in subsidiaries	13	-	-	(142,880,224)	(122,114,115)
Finance income		1,152,495	528,374	16,810,218	12,277,697
Finance cost	31	(181,783,476)	(183,660,583)	(182,280,840)	(180,150,605)
Reversal of impairment (loss) on financial assets	8	7,502,000	(127,429,751)	7,352,000	(127,381,601)
Loss before income tax expenses		(736,857,010)	(965,364,849)	(752,922,418)	(883,524,445)
Income tax expenses	32	(1,645,300)	(299,943,965)	(610,434)	(291,610,206)
Loss for the year		(738,502,310)	(1,265,308,814)	(753,532,852)	(1,175,134,651)
Loss attributable to:					
Equity holders of the Company		(753,532,852)	(1,175,134,651)	(753,532,852)	(1,175,134,651)
Non-controlling interests of the subsidiaries		15,030,542	(90,174,163)		
		<u>(738,502,310)</u>	<u>(1,265,308,814)</u>		
Basic loss per share					
Loss attributable to equity holders of the Company	33	(0.05)	(0.09)	(0.05)	(0.09)
Weighted average number of ordinary shares (shares)		<u>15,065,015,326</u>	<u>13,315,860,462</u>	<u>15,065,015,326</u>	<u>13,315,860,462</u>

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

Samart Digital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2023

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Loss for the year		<u>(738,502,310)</u>	<u>(1,265,308,814)</u>	<u>(753,532,852)</u>	<u>(1,175,134,651)</u>
Other comprehensive income:					
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss		-	(951,251)	-	(649,475)
Income tax effect	32	-	47,805	-	23,902
Reversal of actuarial gain on defined benefit plan from disposal of investment in subsidiary	23	<u>(2,958,967)</u>	<u>-</u>	<u>(2,958,967)</u>	<u>-</u>
		<u>(2,958,967)</u>	<u>(903,446)</u>	<u>(2,958,967)</u>	<u>(625,573)</u>
Items not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(2,958,967)</u>	<u>(903,446)</u>	<u>(2,958,967)</u>	<u>(625,573)</u>
Other comprehensive loss for the year		<u>(2,958,967)</u>	<u>(903,446)</u>	<u>(2,958,967)</u>	<u>(625,573)</u>
Total comprehensive loss for the year		<u>(741,461,277)</u>	<u>(1,266,212,260)</u>	<u>(756,491,819)</u>	<u>(1,175,760,224)</u>
Total comprehensive loss attributable to:					
Equity holders of the Company		(756,491,819)	(1,176,038,097)	<u>(756,491,819)</u>	<u>(1,175,760,224)</u>
Non-controlling interests of the subsidiaries		<u>15,030,542</u>	<u>(90,174,163)</u>		
		<u>(741,461,277)</u>	<u>(1,266,212,260)</u>		

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

Samart Digital Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements							Total
	Equity attributable to owners of the Company							
	Issued and paid-up share capital	Share premium	Share of subsidiary	Retained earnings	Unappropriated (deficit)	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Balance as at 1 January 2022	1,249,984,374	3,167,744,626	(206,369)	44,400,000	(3,692,458,808)	769,463,823	66,716,105	836,179,928
Loss for the year	-	-	-	-	(1,175,134,651)	(1,175,134,651)	(90,174,163)	(1,265,308,814)
Other comprehensive loss for the year	-	-	-	-	(625,573)	(625,573)	(277,873)	(903,446)
Total comprehensive loss for the year	-	-	-	-	(1,175,760,224)	(1,175,760,224)	(90,452,036)	(1,266,212,260)
Debentures converted to ordinary shares (Note 24)	147,502,141	341,497,859	-	-	-	489,000,000	-	489,000,000
Balance as at 31 December 2022	1,397,486,515	3,509,242,485	(206,369)	44,400,000	(4,868,219,032)	82,703,599	(23,735,931)	58,967,668
Balance as at 1 January 2023	1,397,486,515	3,509,242,485	(206,369)	44,400,000	(4,868,219,032)	82,703,599	(23,735,931)	58,967,668
Loss for the year	-	-	-	-	(753,532,852)	(753,532,852)	15,030,542	(738,502,310)
Other comprehensive loss for the year	-	-	-	-	(2,958,967)	(2,958,967)	-	(2,958,967)
Total comprehensive loss for the year	-	-	-	-	(756,491,819)	(756,491,819)	15,030,542	(741,461,277)
Debentures converted to ordinary shares (Note 24)	172,433,044	(4,433,044)	-	-	-	168,000,000	-	168,000,000
Issue additional shares (Note 24)	1,409,382,008	(704,690,781)	-	-	-	704,691,227	-	704,691,227
Balance as at 31 December 2023	2,979,301,567	2,800,118,660	(206,369)	44,400,000	(5,624,710,851)	198,903,007	(8,705,389)	190,197,618

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

Samart Digital 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						Total shareholders' equity
	Issued and paid-up share capital	Share premium	Dilution on changes in percentage of shareholding in subsidiary	Retained earnings		Total	
				Appropriated - statutory reserve	Unappropriated (deficit)		
Balance as at 1 January 2022	1,249,984,374	3,167,744,626	(206,369)	44,400,000	(3,692,458,808)	769,463,823	
Loss for the year	-	-	-	-	(1,175,134,651)	(1,175,134,651)	
Other comprehensive loss for the year	-	-	-	-	(625,573)	(625,573)	
Total comprehensive loss for the year	-	-	-	-	(1,175,760,224)	(1,175,760,224)	
Debtentures converted to ordinary shares (Note 24)	147,502,141	341,497,859	-	-	-	489,000,000	
Balance as at 31 December 2022	1,397,486,515	3,509,242,485	(206,369)	44,400,000	(4,868,219,032)	82,703,599	
Balance as at 1 January 2023	1,397,486,515	3,509,242,485	(206,369)	44,400,000	(4,868,219,032)	82,703,599	
Loss for the year	-	-	-	-	(753,532,852)	(753,532,852)	
Other comprehensive loss for the year	-	-	-	-	(2,958,967)	(2,958,967)	
Total comprehensive loss for the year	-	-	-	-	(756,491,819)	(756,491,819)	
Debtentures converted to ordinary shares (Note 24)	172,433,044	(4,433,044)	-	-	-	168,000,000	
Issue additional shares (Note 24)	1,409,382,008	(704,690,781)	-	-	-	704,691,227	
Balance as at 31 December 2023	2,979,301,567	2,800,118,660	(206,369)	44,400,000	(5,624,710,851)	198,903,007	

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

Samart Digital Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Cash flows from operating activities					
Loss before tax		(736,857,010)	(965,364,849)	(752,922,418)	(883,524,445)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:					
Unrealised loss on exchange		(577,294)	(3,591,735)	(577,294)	(3,591,735)
Loss on change in value of other current financial assets	10.1	-	228,000	-	228,000
Less on disposal of other current financial assets	10.1	72,271	-	72,271	-
Gain on disposal of investment in subsidiary	13.9	(1,242,786)	-	-	-
Loss on change in fair value of forward exchange contracts	37	-	972,608	-	972,608
Increase (decrease) in allowance for expected credit losses					
- trade accounts receivable	8	(7,958,359)	126,567,070	(7,696,709)	127,381,601
Write-off trade receivables	8	456,359	920,153	344,709	-
Reversal of reduction cost of inventory to net realisable value	9	(37,155,049)	(116,992)	(35,768,429)	(3,495)
Write-off withholding tax deducted at sources	11.1	80,973	311	-	-
Share of loss from investments in subsidiaries	13.2	-	-	142,880,224	122,114,115
Gain on disposal of equipment		(394,383)	(1,387,061)	(349,271)	(915,469)
Increase in allowance for impairment of equipment	14	402,198,621	392,029,997	402,198,621	392,029,997
Depreciation on equipment	14	140,626,500	85,281,066	138,212,595	77,556,513
Write-off right-of-use assets		364,123	-	-	-
Decrease in allowance for impairment of right-of-use assets		(77,292,000)	77,292,000	-	-
(Gain) loss on leases termination	22	33,153,643	-	(493,582)	-
Increase in allowance for impairment of other non-current assets	30	50,832,500	-	-	-
Depreciation on right-of-use assets	22	12,789,366	29,857,112	1,434,856	1,445,644
Transfer equipment to expenses		-	22,935	-	22,935
Write-off equipment		3,485,398	1,805,413	3,485,398	1,805,413
Write-off goodwill	15, 30	-	59,323,000	-	-
Amortisation of intangible assets	16	17,285,687	15,048,842	-	-
Amortisation of deferred interests under lease agreements	22	5,776,822	6,542,005	480,641	541,766
Increase (decrease) in provision for long-term employee benefits		937,970	(282,656)	311,803	(120,025)
Loss from long-term provision	30	61,599,677	-	-	-
Finance income		(1,152,495)	(528,375)	(16,810,218)	(12,277,697)
Finance cost		166,432,074	167,421,680	172,314,187	170,111,763
Profit (loss) from operating activities before changes in operating assets and liabilities		33,462,608	(7,959,476)	47,117,384	(6,222,511)

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

Samart Digital Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Cash flows from operating activities (continued)					
Operating assets (increase) decrease					
Trade and other receivables		(1,367,995,136)	64,131,805	(1,373,488,619)	57,066,833
Inventories		159,370,964	20,710,510	157,964,242	20,521,673
Other current financial assets		(100,000)	115,133,002	-	115,732,538
Other current assets		224,478,105	(160,328,279)	215,831,076	(159,256,067)
Other non-current financial assets		(371,082)	103,259	(463,331)	125,901
Other non-current assets		1,677,500	-	-	-
Operating liabilities increase (decrease)					
Trade and other payables		1,263,064,189	208,851,507	1,261,543,953	215,009,393
Other current liabilities and unearned revenue		(76,334,986)	56,544,303	(75,046,399)	56,825,227
Cash flows from operating activities		237,252,162	297,186,631	233,458,306	299,802,987
Cash paid for interest expenses		(199,881,630)	(152,718,797)	(200,493,088)	(152,780,959)
Cash paid for corporate income tax		(7,103,397)	(7,402,778)	(3,572,870)	(2,915,258)
Cash received from withholding tax refundable	11.1	20,768,050	678,900	-	455,048
Cash received from value added tax		1,439,460	409,522	-	-
Cash paid for employee benefit	23	(2,348,667)	(1,510,667)	(2,348,667)	-
Cash received from other non-current assets		274,536	-	-	-
Net cash flows from operating activities		50,400,514	136,642,811	27,043,681	144,561,818
Cash flows from investing activities					
Net Cash flow from disposal of subsidiary	13.9	(2,821,412)	-	-	-
Cash paid to provide short-term loans to related parties	6	-	-	(5,500,000)	(17,700,000)
Cash received for interest income		1,152,495	528,375	995,173	466,338
Cash paid to provide short-term loans to employees		(147,220)	-	(100,000)	-
Cash received from short-term loans to employees		76,387	-	29,167	-
(Increase) decrease in restricted bank deposits		(45,722)	318,091	(45,722)	318,091
Cash paid for acquisition of equipment		(132,326,156)	(364,225,896)	(131,531,195)	(357,776,321)
Cash paid for acquisition of intangible assets		(2,065,000)	-	-	-
Cash received from disposal of other current financial assets	10.1	95,729	-	95,729	-
Proceeds from disposal of equipment		4,976,181	1,305,388	4,931,055	594,344
Net cash flows used in investing activities		(131,104,718)	(362,074,042)	(131,125,793)	(374,097,548)

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

Samart Digital Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Cash flows from financing activities					
Increase (decrease) in bank overdrafts		(2,128,290)	49,802,998	(2,128,290)	49,802,998
Proceeds from short-term loans from banks	17	11,700,000	12,000,000	-	-
Repayment of short-term loans from banks	17	(12,000,000)	(12,000,000)	-	-
Proceeds from short-term loans from related parties	6	-	-	3,500,000	46,500,000
Repayment of short-term loans from related parties		-	-	-	(36,500,000)
Repayment of short-term loans from unrelated parties		(2,329,390)	-	-	-
Repayment of long-term loans from financial institutions	20	(551,123,518)	(224,538,596)	(551,123,518)	(224,538,596)
Proceed from long-term loans from related parties	6	66,000,000	-	66,000,000	-
Repayment of principal portion of long-term loan from related parties	6	(388,305,000)	-	(388,305,000)	-
Proceed from issuance of convertible debentures	21	138,000,000	460,000,000	138,000,000	460,000,000
Proceed from increase in share capital	24	704,690,977	-	704,690,977	-
Proceed from issuance of warrant		250	-	250	-
Repayment of principal portion of lease liabilities		(24,798,679)	(11,320,888)	(1,220,812)	(1,127,644)
Repayment of interest expense of lease liabilities	22	(5,776,822)	(6,542,005)	(480,641)	(541,766)
Net cash flows from (used in) financing activities		(66,070,472)	267,401,509	(31,067,034)	293,594,992
Net increase (decrease) in cash and cash equivalents		(146,774,676)	41,970,278	(135,149,146)	64,059,262
Cash and cash equivalents at beginning of year		213,153,518	171,183,240	179,530,563	115,471,301
Cash and cash equivalents at end of year		66,378,842	213,153,518	44,381,417	179,530,563
Supplemental disclosures of cash flows information					
Non-cash items for investing activities					
Accounts payable for purchases of equipment		678,678,937	657,429,057	678,678,937	657,405,883
Accounts payable for purchases of intangible assets		2,803,321	966,491	-	-
Increase (decrease) in right-of-use assets from lease liabilities	22	(46,818)	2,397,597	(97,088)	-
Transfer equipment to inventories		1,023,172	7,109	1,023,172	7,109
Transfer inventories to equipment		1,345,907	1,386,431	1,345,907	1,386,431
Transfer equipment to intangible assets		1,928,000	-	-	-
Non-cash items for financing activities					
Debentures converted to ordinary shares	21	168,000,000	489,000,000	168,000,000	489,000,000

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

Samart Digital Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2023

1. General information

1.1 Corporate information

Samart Digital Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company of the Group is Samart Corporation Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the distribution of telecommunications equipment and providing integrated business in digital network and solution. Its registered address is 99/2, Moo 4, Software Park Building, 34th Floor, Chaengwattana Road, Klong Gluar, Pak-kred, Nonthaburi.

1.2 Fundamental accounting assumptions

The Group incurred had operating losses for a number of consecutive years. As at 31 December 2023, the Group’s current liabilities exceeded its current assets by Baht 2,230 million (the Company only: Baht 2,651 million). Additionally, it had a deficit of Baht 5,625 million. In addition, since 27 February 2023, the Company’s securities have been posted with “C” (Caution) sign. However, the Company entered into business alliance agreements with a group of customers in order to increase its capability to provide Digital Trunked Radio System (DTRS) services, which is a new business in which it possesses expertise and experience. Furthermore, the Company is currently negotiating with other customer groups to offer its services. In addition, the major shareholder continues to provide support to the Group. The management therefore believes that the Group will be able to continue as a going concern. The assets and liabilities are recorded on a basis whereby the Group will be able to realise its assets and meet its obligations in the ordinary course of business.

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 Samart Digital Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

Subsidiaries directly held by the Company

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2023</u> Percent	<u>2022</u> Percent
Samart Digital Media Co., Ltd.	Provision content services via audiotext and call center	Thailand	100	100
I-Mobile Plus Co., Ltd.	Temporarily ceased its business	Thailand	100	100
Zecureasia Co., Ltd.	Temporarily ceased its business	Thailand	100	100
Samart Mobile Services Co., Ltd.	Temporarily ceased its business	Thailand	97.4	97.4
Lucky Heng Heng Co., Ltd.	Operate all kinds of forecasting and astrology	Thailand	100	100
Thai Base Station Co., Ltd.	Provision space rental and other service and distribute telecommunication equipment and systems	Thailand	100	100

Indirect subsidiaries held by the Company's subsidiaries

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2023</u> Percent	<u>2022</u> Percent
Investments through Samart Digital Media Co., Ltd.				
I-Sport Co., Ltd.	Provision of information of sports via full option interactive multimedia	Thailand	50	50
Entertainment Tree Co., Ltd.	Production, sale and provision of all kinds of entertainment-related content through multiple channels	Thailand	61.87	61.87
Investments through I-Sport Co., Ltd.				
Siam Sport Television Co., Ltd.	Television media, sport license and sport-related business	Thailand	-	50

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
- f) 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.
- g) In recording the acquisition of additional shares of subsidiaries (repurchase of shares from non-controlling interests) when the fair value of the net assets acquired is higher than the cost of the investment the difference has been presented in shareholders' equity under the caption of "Surplus (deficit) on change in percentage of shareholding in subsidiary".

2.3 The separate financial statements present investments in subsidiaries under the equity method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

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

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

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

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

Rendering of services

Service revenue is recognised at a point in time upon completion of the service or recognised over time when services have been rendered taking into account the stage of completion, measuring based on comparison of actual costs incurred up to the end of the period and total anticipated costs to be incurred to completion.

The obligation to transfer goods or services to a customer for which the Group has received consideration from the customer is presented under the caption of "Unearned revenue" in the statement of financial position. Contract liabilities are recognised as revenue when the Group performs under the contract.

Revenue from contract work

Revenues from long-term contracts, excluding value added tax, are recognised over time by reference to the stage of completion which is measured by reference to the proportion that actual construction costs incurred up to the end of the period to total anticipated construction cost to be incurred to completion. Provision for the total anticipated loss on the projects will be made in the accounts as soon as the possibility of loss is ascertained.

The likelihood of contract variations, claims and liquidated damages, delays in delivery, contractual penalties or possible losses on long-term contracts is taken into account in determining the revenue to be recognised, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the value and stage of completion of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

The service-type warranties provided customers with a service in addition to the assurance that the product complies with agreed-upon specifications are recognised as revenue over the periods in which the service is provided.

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

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Reduce cost of inventories to net realisable value will be set up for old, obsolete, slow moving or deteriorated inventories.

4.4 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the equity method.

4.5 Equipment/Depreciation

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

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

Condominium	-	20 years
Network equipment and network improvement	-	5 years
Transmission equipment	-	5 - 10 years
Project equipment	-	5 - 15 years
Furniture, fixture and office equipment	-	3 - 10 years
Furniture of sound recording room	-	3 - 10 years
Motor vehicles	-	5 and 7 years
Equipment for rent	-	3 years

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

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

4.6 Intangible assets

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

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

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

	<u>Useful lives</u>
Computer software	- 5 years and agreement term
Right for air time	- 5 years
Right for telecommunication tower service	- 10 years and agreement term

4.7 Business combinations and goodwill

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and the services are received.

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

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

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

4.8 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, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

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

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

Right-of-use building space	4 - 10	years
Transmission equipment	7 and 10	years
Motor vehicles	5 and 7	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.

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 condominium, equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss 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, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

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

Provision for vacation

The Group sets up provision for vacation which is calculated in accordance with the Group's policy and formula, taking into consideration the employee's salary, the number of service years and the unused vacation days.

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

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

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

4.15 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 designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

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

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

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

Classification and measurement of financial liabilities

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

Convertible debentures

Convertible debentures are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible debentures, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

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

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

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

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

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

Offsetting of financial instruments

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

4.16 Derivatives

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

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:

5.1 Revenue from contracts with customers

Identification of performance obligations

In identifying performance obligations, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

Determination of timing of revenue recognition

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The Group recognises revenue over time in the following circumstances:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

In calculating the revenue recognised over time, the management is required to use judgement regarding measuring progress towards complete satisfaction of a performance obligation.

5.2 Allowance for expected credit losses of trade receivables

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

5.3 Reducing cost to net realisable value of inventories

Determining the reduce cost to net realisable value of inventories requires management to exercise judgement in term of estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business less the estimated additional costs to be incurred in preparing the inventory for sale; and reduce cost of inventories for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory and current changes in technology.

5.4 Depreciation of equipment and right-of-use assets

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

In addition, the management is required to review impairment of equipment and right-of-use assets 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.

5.5 Intangible assets

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

5.6 Deferred tax assets

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

5.7 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.

5.8 Contingent liabilities

The Group has contingent liabilities as a result of claims for payment. The management has exercised judgement to assess the situation and believes that no liabilities will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

During the years, the Group had significant business transactions with related parties, principally in respect of the purchase and sales of goods, provision of services, purchase of equipment and loans. Such transactions were concluded on terms and bases agreed upon between the Group and its related parties. The pricing policies for these related party transactions are summarised as follows:

1. Sales prices are determined at market price, if there is unknown market price, sales price will be determined at cost plus a margin not over 15 percent. However, the pricing policy is subject to change depending on the type of business and market competition at the time being.
2. Rental expenses are charged at the amount stated in the agreement.
3. Management service income is charged at the amount stated in the agreement.

4. Other service income and expenses are charged at a mutually agreed price.
5. Interest on loans to the subsidiary companies are charged at cost of fund plus 0.25 percent per annum.
6. Interest on loans from subsidiary companies are charged at average 12-month fixed deposit rate of the big five commercial banks plus 0.25 percent per annum.
7. Interest on loans from parent company is charged at fixed rate per annum.
8. IT service fees expenses to parent company are charged at the amount stated in the agreement which parent company sets based on cost plus a margin not over five percent.
9. Fixed assets are sold and purchased at their net book value plus a margin, depending on the condition of assets.
10. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
11. Directors and management's benefit expenses are charged as approved by the shareholders' meeting or contractually agreed price.

Significant business transactions between the Group and its related parties were summarised below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Transactions with parent company				
Purchase of equipment	504	168	504	168
IT service fee expense	5	5	1	1
Rental and other expenses	5	5	4	4
Interest expenses	15	15	15	15
Transactions with subsidiary companies				
(eliminated from the consolidated financial statements)				
Management fee income	-	-	9	8
Interest income	-	-	16	12
Interest expenses	-	-	6	3
Transactions with related companies				
Service income	6	6	3	2
Sales	43	81	42	81
Sale of equipment	-	5	-	5
Purchase of equipment	237	516	237	516
Service of project fee	407	-	407	-
Rental and other expenses	7	12	3	8
Interest expenses	5	6	-	-

As at 31 December 2023 and 2022, the balances of the accounts between the Group and those related parties were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Trade accounts receivables - related parties (Note 8)				
Parent company	286	255	-	-
Subsidiary companies	-	-	5,370	5,370
Related companies (related by shareholder)	16,079	21,215	15,309	21,055
Total	16,365	21,470	20,679	26,425
Accrued service income	290	301	-	-
Less: Allowance for expected credit losses (Note 13)	-	-	(5,370)	(5,370)
Total trade accounts receivables - related parties - net	<u>16,655</u>	<u>21,771</u>	<u>15,309</u>	<u>21,055</u>
Amounts due from and advance to related parties (Note 8)				
Parent company	7	7	7	7
Subsidiary companies	-	-	92,006	73,768
Related companies (related by shareholder)	-	1	-	1
Total	7	8	92,013	73,776
Less: Allowance for expected credit losses (Note 13)	-	-	(49,681)	(42,590)
Total amounts due from and advance to related parties - net	<u>7</u>	<u>8</u>	<u>42,332</u>	<u>31,186</u>
Trade accounts payable - related parties (Note 18)				
Parent company	709,387	176,087	709,387	176,087
Related companies (related by shareholder)	426,523	-	426,523	-
Total trade accounts payable - related parties	<u>1,135,910</u>	<u>176,087</u>	<u>1,135,910</u>	<u>176,087</u>
Amounts due to and advance from related parties (Note 18)				
Parent company	965	34,803	121	33,986
Subsidiary companies	-	-	20,224	14,949
Related companies (related by shareholder)	721,593	186,116	720,935	185,725
Total amounts due to and advance from related parties	<u>722,558</u>	<u>220,919</u>	<u>741,280</u>	<u>234,660</u>
Accrued expenses - related parties (Note 18)				
Related companies (related by shareholder)	550	477,923	550	477,923
Total accrued expenses - related parties	<u>550</u>	<u>477,923</u>	<u>550</u>	<u>477,923</u>
Unearned revenue - related parties				
Parent company	21	21	21	21
Subsidiary companies	-	-	113	113
Related companies (related by shareholder)	2,541	2,131	2,541	2,131
Total unearned revenue - related parties	<u>2,562</u>	<u>2,152</u>	<u>2,675</u>	<u>2,265</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Lease liabilities				
Parent company	4,944	5,683	3,976	4,570
Related companies (related by shareholder)	2,016	112,275	-	5,693
Total	6,960	117,958	3,976	10,263
Less: Portion due within one year	(1,507)	(40,046)	(541)	(1,185)
Total lease liabilities - net of current portion	<u>5,453</u>	<u>77,912</u>	<u>3,435</u>	<u>9,078</u>

Loans to related parties and loans from related parties

As at 31 December 2023 and 2022, the balances of loans between the Company and those related parties and the movements were as follows:

	(Unit: Thousand Baht)		
	Separate financial statements		
	Balance as at 31 December 2022	Increase during the year	Balance as at 31 December 2023
Short-term loans to related parties			
Subsidiaries			
Thai Base Station Co., Ltd.	128,500	-	128,500
I-Mobile Plus Co., Ltd.	119,500	2,000	121,500
Lucky Heng Heng Co., Ltd.	20,500	3,500	24,000
Zecureasia Co., Ltd.	2,200	-	2,200
Total	270,700	5,500	276,200
Less: Allowance for expected credit losses (Note 13)	(166,614)		(255,239)
Short-term loans to related parties - net	<u>104,086</u>		<u>20,961</u>

	(Unit: Thousand Baht)		
	Separate financial statements		
	Balance as at 31 December 2022	Increase during the year	Balance as at 31 December 2023
Short-term loans from related parties (Note 19)			
Subsidiaries			
Samart Mobile Services Co., Ltd.	493,000	-	493,000
Samart Digital Media Co., Ltd.	40,000	3,500	43,500
Total	533,000	3,500	536,500

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	Balance as at 31 December 2022	Increase during the year	Decrease during the year	Balance as at 31 December 2023
Long-term loans from related party				
Parent Company				
Samart Corporation Public Co., Ltd.	322,305	66,000	(388,305)	-
Total	<u>322,305</u>	<u>66,000</u>	<u>(388,305)</u>	<u>-</u>

On 27 April 2023, the Annual General Meeting of shareholders of the Company passed a resolution approving the connected transactions involving receiving financial assistance from Samart Corporation Public Company Limited, the parent company, in the amount not exceeding Baht 750 million, which is repayable within 6 years by 2028, and carries interest at the cost rate of the parent company plus 0.25% per annum. In September 2023, the Company entered into a transaction concerning a loan of Baht 66 million from the parent company. However, as at 31 December 2023, the Company has fully paid such loan to the parent company.

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: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	16.2	8.9	10.4	7.1
Post-employment benefits	0.2	0.1	0.1	0.1
Total	<u>16.4</u>	<u>9.0</u>	<u>10.5</u>	<u>7.2</u>

Significant agreements with related parties

Service and management agreements

- a) In March 2023, the Group entered into one-year information technology management agreements with Samart Corporation Public Co., Ltd., the parent company. The Group has to pay a monthly service fees totaling approximately Baht 0.4 million (Separate financial statements: Baht 0.1 million).
- b) In May 2020, the Group entered into the three-years facility service agreements with Samart Corporation Public Co., Ltd., the parent company, under which it has to pay monthly facility service fees at the rates stipulated in the agreements. Subsequently, the Group renewed the agreements for a period of three years expiring in April 2026.
- c) In May 2020, a subsidiary entered into the three-years facility service agreement with Vilailuck International Holding Co., Ltd., a related company, under which it has to pay monthly facility service fees at the rates stipulated in the agreement. Subsequently, the subsidiary renewed the agreement for a period of three years expiring in April 2026.

Guarantee obligations with related parties

The Company has outstanding guarantees obligations with its related parties as described in Note 36.2.2 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Cash	200	316	144	142
Bank deposits	168,974	315,587	147,032	282,138
Total cash and bank deposits	169,174	315,903	147,176	282,280
Less: Restricted bank deposits	(102,795)	(102,749)	(102,795)	(102,749)
Total cash and cash equivalents	66,379	213,154	44,381	179,531

As at 31 December 2023, bank deposits carried interests between 0.15 and 1.10 percent per annum (2022: between 0.15 and 0.55 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Trade accounts receivables - related parties (Note 6)				
<i>Aged on the basis of due dates</i>				
Not yet due	15,579	10,723	15,309	10,508
Past due				
Up to 3 months	50	7,308	-	7,103
Over 12 months	736	3,439	5,370	8,814
Total	16,365	21,470	20,679	26,425
Accrued service income (Note 6)	290	301	-	-
Less: Allowance for expected credit losses (Note 13)	-	-	(5,370)	(5,370)
Total trade accounts receivables - related parties - net	16,655	21,771	15,309	21,055
Total trade accounts receivables - unrelated parties				
<i>Aged on the basis of due dates</i>				
Not yet due	12,133	11,736	5,577	2,701
Past due				
Up to 3 months	426,746	2,150	426,040	-
3 - 6 months	381,917	-	381,917	-
6 - 12 months	256,926	1,427	256,926	-
Over 12 months	2,177,649	2,198,508	2,177,067	2,197,027
Total	3,255,371	2,213,821	3,247,527	2,199,728
Accrued service income	354,448	30,806	349,406	25,384
Less: Allowance for expected credit losses	(2,171,767)	(2,180,042)	(2,171,767)	(2,179,464)
Total trade accounts receivables - unrelated parties, net	1,438,052	64,585	1,425,166	45,648
Total trade accounts receivables - net	1,454,707	86,356	1,440,475	66,703

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other receivables				
Amounts due from and advance to related parties (Note 6)	7	8	92,013	73,776
Other receivables - unrelated parties	162	95	161	96
Total	169	103	92,174	73,872
Less: Allowance for expected credit losses (Note 13)	-	-	(49,681)	(42,590)
Total other receivables - net	169	103	42,493	31,282
Total trade and other receivables - net	<u>1,454,876</u>	<u>86,459</u>	<u>1,482,968</u>	<u>97,985</u>

The normal credit term is 30 days.

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Beginning balance	2,180,042	2,053,475	2,184,834	2,057,452
Provision for expected credit losses	-	167,430	-	167,382
Amount written off	(456)	(863)	(345)	-
Amount recovered	(7,502)	(40,000)	(7,352)	(40,000)
Decrease from disposal of investment in subsidiary	(317)	-	-	-
Ending balance	<u>2,171,767</u>	<u>2,180,042</u>	<u>2,177,137</u>	<u>2,184,834</u>

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Finished goods	99,046	253,934	(611)	(33,219)	98,435	220,715
Supplies	-	4,546	-	(4,546)	-	-
Goods in transit	-	259	-	-	-	259
Total	<u>99,046</u>	<u>258,739</u>	<u>(611)</u>	<u>(37,765)</u>	<u>98,435</u>	<u>220,974</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Finished goods	98,463	251,944	(52)	(31,274)	98,411	220,670
Supplies	-	4,546	-	(4,546)	-	-
Goods in transit	-	259	-	-	-	259
Total	98,463	256,749	(52)	(35,820)	98,411	220,929

During the current year, the Group reversed the write-down of cost of inventories by Baht 37.2 million (2022: Baht 0.1 million) and reduced the amount of inventories recognised as expenses during the year (Separate financial statements: Baht 35.8 million (2022: Nil)).

10. Other financial assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Financial assets at fair value through profit or loss (Note 10.1)				
Listed equity investment	-	168	-	168
Financial assets at amortised cost				
Deposits	3,037	2,666	2,341	1,878
Retention receivables	425	600	-	-
Total other financial assets	3,462	3,434	2,341	2,046
Current	425	768	-	168
Non-current	3,037	2,666	2,341	1,878
	3,462	3,434	2,341	2,046

10.1 Financial assets at fair value through other comprehensive income

Movements of listed equity investment account were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2023</u>	<u>2022</u>
Beginning balance	168	396
Decrease during the year		
Cash received from disposal of listed equity investment	(96)	-
Loss on disposal of listed equity investment	(72)	-
Total	(168)	-
Gain on changes in value	-	(228)
Ending balance	-	168

11. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Advance for purchase of inventories	127,208	386,478	127,208	386,478
Input tax refundable	172,625	231,903	168,137	227,165
Undue input tax	110,799	23,252	101,554	17,084
Withholding tax deducted at sources (Note 11.1)	14,344	31,157	7,174	3,601
Prepaid expenses	12,689	12,280	9,848	6,938
Advance to employee	20	13	20	-
Others	15,478	5,467	15,085	1,881
Less: Allowance for diminution in value	-	(1,863)	-	(1,863)
Total other current assets - net	<u>453,163</u>	<u>688,687</u>	<u>429,026</u>	<u>641,284</u>

11.1 Withholding tax deducted at sources

The balances of withholding tax deducted at sources as at 31 December 2023 and 2022, aged on years, were summarised below.

(Unit: Thousand Baht)

Year	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
2011	226	226	-	-
2012	356	356	-	-
2014	2,398	2,398	-	-
2018	-	2,101	-	-
2019	-	8,210	-	-
2020	-	7,514	-	-
2021	686	4,420	686	686
2022	5,339	5,932	2,915	2,915
2023	5,339	-	3,573	-
Total	<u>14,344</u>	<u>31,157</u>	<u>7,174</u>	<u>3,601</u>

The Group regards withholding tax deducted at sources as an asset since they have the right to claim for refund of it. However, the net realisable value of withholding tax depends on the exercise right to claim it, and the results of any tax audit by the Revenue officers.

During the year 2023, the Group received the refund of the withholding tax of 2018 - 2021 totaling approximately Baht 20.8 million (Separate financial statements: Nil) (2022: received the refund of the withholding tax of 2020 totaling approximately Baht 0.7 million (Separate financial statements: Baht 0.5 million) and wrote off the withholding tax deducted at sources of 2020 - 2022 amounting to Baht 0.1 million (Separate financial statements: Nil) (2022: Nil (Separate financial statements: Nil)). However, the management has used judgement to assess the outcome of the refund claims and believes that no loss will result. Therefore, no allowance for diminution in value of withholding tax deducted at sources is recorded as at the end of reporting period.

12. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

13. Investments in subsidiaries

13.1 Details of investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Net book value under equity method	
	2023	2022	2023	2022	2023	2022	2023	2022
			Percent	Percent				
Samart Digital Media Co., Ltd.	200,000	200,000	100	100	219,525	219,525	69,185	60,343
I-Mobile Plus Co., Ltd.	100,000	100,000	100	100	100,000	100,000	(259,655)	(188,305)
Samart Mobile Services Co., Ltd.	490,000	490,000	97.4	97.4	43,917	43,917	505,811	502,315
Lucky Heng Heng Co., Ltd.	2,500	2,500	100	100	2,500	2,500	(22,828)	(11,651)
Zecureasia Co., Ltd.	1,250	1,250	100	100	25	25	(7,799)	(7,597)
Thai Base Station Co., Ltd.	10,000	10,000	100	100	50,000	50,000	(108,710)	(33,262)
Net					<u>415,967</u>	<u>415,967</u>	<u>176,004</u>	<u>321,843</u>
Less: Deficit of investment in subsidiaries under equity method								
I-Mobile Plus Co., Ltd.							259,655	188,305
Lucky Heng Heng Co., Ltd.							22,828	11,651
Zecureasia Co., Ltd.							7,799	7,597
Thai Base Station Co., Ltd.							108,710	33,262
Total							<u>398,992</u>	<u>240,815</u>
Investment in subsidiaries							<u>574,996</u>	<u>562,658</u>

As at 31 December 2023, investments in four subsidiaries (31 December 2022: four subsidiaries) have deficit net book value under equity method. The excess losses are therefore adjusted to short-term loans and trade and other receivables and presented the remaining as liabilities for investment in subsidiary companies under equity method in the statement of financial position as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Presented as allowance for expected credit losses, net from related party transactions (Note 6)		
Trade receivables	5,370	5,370
Other receivables	49,681	42,590
Short-term loans	255,239	166,614
	<u>310,290</u>	<u>214,574</u>
Liabilities for investments in subsidiaries under equity method		
I-Mobile Plus Co., Ltd.	87,208	24,829
Zecureasia Co., Ltd.	1,494	1,412
	<u>88,702</u>	<u>26,241</u>
Total	<u>398,992</u>	<u>240,815</u>

13.2 Share of other comprehensive income

During the years, the Company recognises share of profit (loss) from investments in subsidiaries in the separate financial statements as follows:

	(Unit: Thousand Baht)			
	For the year ended 31 December			
	Separate financial statements			
	Share of other comprehensive income (loss)			
Subsidiary companies	Share of profit (loss) from investments in subsidiaries		from investments in subsidiaries	
	2023	2022	2023	2022
Samart Digital Media Co., Ltd.	11,801	(91,605)	(2,959)	(372)
I-Mobile Plus Co., Ltd.	(71,350)	(5,456)	-	-
Samart Mobile Services Co., Ltd.	3,496	1,996	-	-
Lucky Heng Heng Co., Ltd.	(11,177)	(4,969)	-	(13)
Zecureasia Co., Ltd.	(202)	(258)	-	-
Thai Base Station Co., Ltd.	(75,448)	(21,822)	-	1
Total	<u>(142,880)</u>	<u>(122,114)</u>	<u>(2,959)</u>	<u>(384)</u>

13.3 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		(Unit: Million Baht) Profit/loss allocated to non-controlling interests during the year	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Percent)	(Percent)				
I-Sport Company Limited and its subsidiaries (Subsidiary companies of Samart Digital Media Co., Ltd.)	50	50	50	50	(22)	(52)

13.4 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

	(Unit: Million Baht) I-Sport Company Limited	
	<u>2023</u>	<u>2022</u>
Current assets	14	46
Non-current assets	3	103
Current liabilities	64	107
Non-current liabilities	4	73

Summarised information about comprehensive income

	(Unit: Million Baht) I-Sport Company Limited	
	For the year ended 31 December	
	<u>2023</u>	<u>2022</u>
Revenue	119	61
Profit	29	(180)
Total comprehensive loss	29	(180)

Summarised information about cash flows

	(Unit: Million Baht) I-Sport Company Limited	
	For the year ended 31 December	
	<u>2023</u>	<u>2022</u>
Cash flows from (used in) operating activities	16	(134)
Cash flows used in financing activities	(23)	(13)
Net decrease in cash and cash equivalents	(7)	(147)

13.5 The plan to list I-Sport Co., Ltd. on the Market for Alternative Investment (MAI)

On 29 July 2015, the Extraordinary General Meeting of shareholders of I-Sport Co., Ltd., a subsidiary company, passed a resolution to approve the plan to list it on the Market for Alternative Investment (MAI) with the following details.

1. To transform the company into a public limited company for the issuance and the initial public offering (IPO) of its shares and to list on the MAI Stock Exchange.
2. To increase the registered share capital from Baht 120 million (12 million ordinary shares of Baht 10 each) to Baht 160 million (16 million ordinary shares of Baht 10 each) through an issuance of additional 4 million ordinary shares of Baht 10 each to offer 3 million shares to the initial public offering (IPO) and offer 1 million shares to the existing shareholders which are the Company and Siam Sport Syndicate Public Co., Ltd. In addition, Siam Sport Syndicate Public Co., Ltd. intends to offer 1 million shares to the initial public offering (IPO).
3. To change the par value of ordinary shares from Baht 10 per share to Baht 0.25 per share. However, the changing of the par value does not affect to the portion of the issuance of its shares.

As at 31 December 2023, the subsidiary company has not yet proceeded the above matters.

13.6 Dissolution of subsidiary company

On 11 October 2006, an Extraordinary Meeting of the shareholders of I-Mobile (Cambodia) Co., Ltd., a subsidiary company, passed a resolution to liquidate the company. The process of registering that company's dissolution and its subsequent liquidation are in progress.

13.7 Increase in the subsidiary's share capital

On 11 November 2022, the meeting of the Extraordinary General Meeting of Shareholders of Siam Sport Television Co., Ltd., which is a subsidiary company held by I-Sport Co., Ltd., approved the increase in its share capital by increase its registered capital of Baht 1 7 5 million from Baht 60 million to the new registered capital of Baht 235 million by issuing 17.5 million ordinary shares with par value of Baht 10 to be offered to its existing shareholders according to their shareholding ratio. At the offering price of Baht 10 per share, the shares were paid in full on 15 November 2022.

13.8 Change in subsidiary company's name

On 5 January 2022, the Extraordinary General Meeting of the shareholders of SIM2ASSET Co., Ltd., a subsidiary company, approved to change its name from "SIM2ASSET Co., Ltd." to "Lucky Heng Heng Co., Ltd.". The subsidiary registered with the Ministry of Commerce for the change of its name on 13 January 2022.

13.9 Disposal of investment in subsidiary

On 7 December 2023, the Board of Directors' meeting of I-Sport Company Limited, a subsidiary company, approved the disposal of the entire investment in the ordinary shares of Siam Sport Television Company Limited to unrelated person. The subsidiary sold its entire investment in the ordinary shares of Siam Sport Television Company Limited to the aforementioned person, totaling 23.5 million shares, for total amount of Baht 0.2 million. The subsidiary registered the share transfer and received the payment in full on 25 December 2023.

	(Unit: Thousand Baht)
	Consolidated financial statements
	For the year ended 25 December 2023
Proceeds from disposal of investment	235
Less: Cash and cash equivalents at disposal date	<u>(3,056)</u>
Net cash inflows from disposal of investment	(2,821)
Less: Net assets excepted cash and cash equivalents at disposal date	<u>4,064</u>
Gain on disposal of investment	<u>1,243</u>

14. Equipment

(Unit: Thousand Baht)

	Consolidated financial statements									
	Condominium	Network equipment and network improvement	Transmission Equipment	Project Equipment	Furniture, fixture and office equipment	Furniture of sound recording room	Motor vehicles	Equipment for rent	Assets under installation	Total
Cost										
1 January 2022	11,512	550,769	154,353	140,383	956,619	42,474	35,664	1,745	2,266,110	4,159,629
Additions	-	38	39	-	3,276	-	-	-	773,765	777,118
Disposals/Write-off	-	(47)	-	-	(5,413)	-	(1,305)	-	(208)	(6,973)
Transfer in (out)	-	-	-	1,561,779	17,068	-	8,000	-	(1,579,273)	7,574
31 December 2022	11,512	550,760	154,392	1,702,162	971,550	42,474	42,359	1,745	1,460,394	4,937,348
Additions	-	-	-	-	124	-	-	-	153,542	153,666
Disposals/Write-off	-	-	-	-	(418)	-	(820)	(1,745)	(3,485)	(6,468)
Transfer in (out)	-	-	-	405,861	(14,335)	-	-	-	(393,131)	(1,605)
Decrease from disposal of investment in subsidiary	-	(21,976)	(154,392)	-	(27,013)	(42,474)	(6,976)	-	-	(252,831)
31 December 2023	11,512	528,784	-	2,108,023	929,908	-	34,563	-	1,217,320	4,830,110

(Unit: Thousand Baht)

Consolidated financial statements

	Condominium	Network equipment and network improvement	Transmission Equipment	Project Equipment	Furniture, fixture and office equipment	Furniture of sound recording room	Motor vehicles	Equipment for rent	Assets under installation	Total
Accumulated depreciation										
1 January 2022	6,721	548,469	152,844	57,031	933,515	36,835	35,664	1,745	-	1,772,824
Depreciation for the year	572	1,816	824	70,617	9,303	2,149	-	-	-	85,281
Accumulated depreciation of assets disposed and write-off	-	(45)	-	-	(1,378)	-	(1,305)	-	-	(2,728)
Accumulated depreciation of assets transferred in	-	-	-	-	-	-	8,000	-	-	8,000
31 December 2022	7,293	550,240	153,668	127,648	941,440	38,984	42,359	1,745	-	1,863,377
Depreciation for the year	571	268	484	135,767	1,990	1,546	-	-	-	140,626
Accumulated depreciation of assets disposed and write-off	-	-	-	-	(418)	-	(820)	(1,745)	-	(2,983)
Decrease from disposal of investment in subsidiary	-	(21,960)	(154,152)	-	(26,962)	(40,530)	(6,976)	-	-	(250,580)
31 December 2023	7,864	528,548	-	263,415	916,050	-	34,563	-	-	1,750,440

(Unit: Thousand Baht)

Consolidated financial statements

	Condominium	Network equipment and network improvement	Transmission Equipment	Project Equipment	Furniture, fixture and office equipment	Furniture of sound recording room	Motor vehicles	Equipment for rent	Assets under installation	Total
Allowance for impairment loss										
1 January 2022	-	191	-	-	7,856	-	-	-	2,135	10,182
Increase during the year	-	-	-	-	-	-	-	-	392,030	392,030
31 December 2022	-	191	-	-	7,856	-	-	-	394,165	402,212
Increase during the year	-	-	-	96,600	-	-	-	-	305,599	402,199
31 December 2023	-	191	-	96,600	7,856	-	-	-	699,764	804,411
Net book value										
31 December 2022	4,219	329	724	1,574,514	22,254	3,490	-	-	1,066,229	2,671,759
31 December 2023	3,648	45	-	1,748,008	6,002	-	-	-	517,556	2,275,259
Depreciation for the year										
2022 (Baht 78 million included in cost of services, and the balance in selling and distribution expenses and administrative expenses)										85,281
2023 (Baht 137 million included in cost of services, and the balance in selling and distribution expenses and administrative expenses)										140,626

(Unit: Thousand Baht)

	Separate financial statements					Total
	Condominium	Project Equipment	Furniture, fixture and office equipment	Motor vehicles	Assets under installation	
Cost						
1 January 2022	11,512	140,383	849,101	17,604	2,267,690	3,286,290
Additions	-	-	2,978	-	767,667	770,645
Disposals/Write-off	-	-	(5,096)	-	(23)	(5,119)
Transfer in (out)	-	1,561,779	17,068	-	(1,579,273)	(426)
31 December 2022	11,512	1,702,162	864,051	17,604	1,456,061	4,051,390
Additions	-	-	53	-	152,842	152,895
Disposals/Write-off	-	-	(405)	(820)	(3,485)	(4,710)
Transfer in (out)	-	405,860	(14,336)	-	(391,203)	321
31 December 2023	11,512	2,108,022	849,363	16,784	1,214,215	4,199,896
Accumulated depreciation						
1 January 2022	6,721	57,030	833,113	17,604	-	914,468
Depreciation for the year	572	70,617	6,367	-	-	77,556
Accumulated depreciation of assets disposed/ write-off	-	-	(1,121)	-	-	(1,121)
31 December 2022	7,293	127,647	838,359	17,604	-	990,903
Depreciation for the year	571	135,767	1,874	-	-	138,212
Accumulated depreciation of assets disposed/ write-off	-	-	(405)	(820)	-	(1,225)
31 December 2023	7,864	263,414	839,828	16,784	-	1,127,890
Allowance for impairment loss						
1 January 2022	-	-	7,710	-	2,135	9,845
Increase during the year	-	-	-	-	392,030	392,030
31 December 2022	-	-	7,710	-	394,165	401,875
Increase during the year	-	96,600	-	-	305,599	402,199
31 December 2023	-	96,600	7,710	-	699,764	804,074
Net book value						
31 December 2022	4,219	1,574,515	17,982	-	1,061,896	2,658,612
31 December 2023	3,648	1,748,008	1,825	-	514,451	2,267,932
Depreciation for the year						
2022 (Baht 72 million included in cost of services, and the balance in selling and distribution expenses and administrative expenses)						77,556
2023 (Baht 135 million included in cost of services, and the balance in selling and distribution expenses and administrative expenses)						138,212

The Company's project equipment and assets under installation

The Company has invested in the main equipment (Digital Trunked Radio Network) and the supporting systems that provide joint services as follows:

1. The host station control center consists of a set of hardware and software with various functions and is linked together to control connection, channel switching, processing, call control, signaling, and resource and number management within the system. It also manages all Base Stations and Radio Subscribers within the system. It operates in conjunction with a collaborative support system that includes Network management systems, Conversation recording systems, Vehicle tracking systems, Push to talk application support systems, Call detail recording systems, etc. The installation and distribution of the center's equipment and system control base stations by region can provide continuous services and effectiveness in meeting the customer demands in the field of communication groups with a wide area and keeping up with changing situations.
2. The base stations that provide services will be installed in conjunction with the outdoor antenna installed on building or telecommunication towers which functions as limbs of the network scattered across the country, allowing various walkie-talkies to communicate with each other within the service range of the host station. Currently, there are service areas in 77 provinces.

Active customer groups include government customers, such as the disaster prevention and mitigation group, energy and utilities business group, transportation business group, logistics business group, etc.

- a) As at 31 December 2023, certain equipment items of the Group companies were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,774 million (2022: Baht 1,777 million) (separate financial statements: Baht 842 million (2022: Baht 846 million)).
- b) As at 31 December 2023, the Group had an allowance for impairment loss on equipment amounting to Baht 804 million (2022: Baht 402 million), and had Baht 804 million (2022: Baht 402 million) in the separate financial statements.

During the year 2023 the Company assessed the recoverable amount of its equipment for the Digital Trunked Radio System (DTRS) with total cost as at 31 December 2023 amounting to Baht 3,322 million, services based on its value in use through the discounted future cash flows. The resulting recoverable amount is lower than its carrying value due to an anticipated decrease in the number of users. The Company therefore recognised an additional impairment loss on equipment during the year amounting to Baht 403 million. As at 31 December 2023, the Company had an allowance for impairment loss on equipment amounting to Baht 796 million. Although the Group has conducted an evaluation and exercised its best estimate, there remains an uncertainty about potential changes in situations and technologies, which is typical for future events that have yet to occur.

The key assumption used in the calculation of value in use was a pre-tax discount rate of 12 percent per annum.

15. Goodwill

During the year 2022, I-Sport Co., Ltd., a subsidiary company, fully recognised an impairment loss on the goodwill, which relates to the purchase of shares of Siam Sport Television Co., Ltd. by I-Sport Co., Ltd., amounting to Baht 59 million due to uncertainty of entering into the long-term service agreement with an agency.

16. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements			
	Computer software	Right for air time	Right for telecommunication tower service	Total
Cost				
1 January 2022	100,510	3,191	119,331	223,032
31 December 2022	100,510	3,191	119,331	223,032
Additions	387	-	3,515	3,902
Transfer in	1,928	-	-	1,928
Decreased from disposal of investment in subsidiary	-	(3,191)	-	(3,191)
31 December 2023	102,825	-	122,846	225,671
Accumulated amortisation				
1 January 2022	98,894	3,191	41,263	143,348
Amortisation for the year	720	-	14,329	15,049
31 December 2022	99,614	3,191	55,592	158,397
Amortisation for the year	1,803	-	15,483	17,286
Decreased from disposal of investment in subsidiary	-	(3,191)	-	(3,191)
31 December 2023	101,417	-	71,075	172,492
Net book value				
31 December 2022	896	-	63,739	64,635
31 December 2023	1,408	-	51,771	53,179

Right for air time

On 26 December 2014, I-Sport Co., Ltd., a subsidiary company, purchased shares of Siam Sport Television Co., Ltd. (a subsidiary company) with mutually agreed price. As a result of the purchase of investment under the acquisition method, the subsidiary company recorded the right for air time of sport program as intangible assets with five years useful lives.

Right for telecommunication tower service

On 1 September 2017, the Company purchased shares of Thai Base Station Co., Ltd. (a subsidiary company) with mutually agreed price. As a result of the purchase of investment under the acquisition method, the Company recorded the right for telecommunication tower service as intangible assets with ten years useful lives.

17. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Bank overdrafts	MOR	MOR	63,060	65,188	63,060	65,188
Short-term loans from banks	MMR	MMR	2,700	3,000	-	-
Total			<u>65,760</u>	<u>68,188</u>	<u>63,060</u>	<u>65,188</u>

Movement in the short-term loans accounts during the years ended 31 December 2023 and 2022 were summarised below.

(Unit: Thousand Baht)

	Consolidated	
	financial statements	
	<u>2023</u>	<u>2022</u>
Balance at beginning the year	3,000	3,000
Add: Addition	11,700	12,000
Less: Repayments	<u>(12,000)</u>	<u>(12,000)</u>
Balance at end of the year	<u>2,700</u>	<u>3,000</u>

Bank overdrafts are secured by the pledge of some bank deposits and short-term loans from banks of I-Sport Co., Ltd., a subsidiary company, secured by the Company and Siam Sport Syndicate Public Co., Ltd. (another shareholder).

18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Trade payables				
Trade payables - related parties (Note 6)	1,135,910	176,087	1,135,910	176,087
Trade payables - unrelated parties	139,925	25,405	136,710	21,365
Total trade payables	<u>1,275,835</u>	<u>201,492</u>	<u>1,272,620</u>	<u>197,452</u>
Other payables				
Amount due to and advance from related parties (Note 6)	722,558	220,919	741,280	234,660
Other payables - unrelated parties	269,763	136,635	156,320	20,898
Accrued expenses - related parties (Note 6)	550	477,923	550	477,923
Other accrued expenses	1,227	861	1,226	860
Total other payables	<u>994,098</u>	<u>836,338</u>	<u>899,376</u>	<u>734,341</u>
Total trade and other payables	<u>2,269,933</u>	<u>1,037,830</u>	<u>2,171,996</u>	<u>931,793</u>

19. Short-term loans

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term loans from related parties (Note 6)	-	-	536,500	533,000
Short-term loan from unrelated parties	10,379	12,708	-	-
Total short-term loans	<u>10,379</u>	<u>12,708</u>	<u>536,500</u>	<u>533,000</u>

Short-term loan from unrelated parties

Short-term loans as at 31 December 2023 amount to Baht 10.4 million (2022: Baht 12.7 million) are loans from Siam Sport Syndicate Public Co., Ltd., carrying interest at the average 12-month fixed deposit rate of the big five commercial banks plus 0.50 percent per annum.

20. Long-term loans from financial institutions

No.	Credit facilities	Significant terms and conditions of loan agreements	Separate financial statements/	
			2023	2022
(Unit: Thousand Baht) Consolidated				
financial statements/				
Separate financial statements				
				Interest rate
				(Percent per annum)
				MLR minus fixed rate per annum
1.	493,000	<p>Repayment of the first installment in March 2018, with quarterly payment of principal and monthly payment of interest to be completed within the 25th installment. (i.e. within January 2024)</p> <ul style="list-style-type: none"> - Installment 1 - 4 : Baht 0.05 million each - Installment 5 - 8 : Baht 7.4 million each - Installment 9 March 2020 : Baht 7.4 million <li style="padding-left: 20px;">May 2020: Baht 12.3 million - Installment 10 - 14 : Only interest - Installment 15 : Baht 8.87 million - Installment 16 December 2021 : Baht 4.9 million <li style="padding-left: 20px;">January 2022 : Baht 2.5 million - Installment 17 - 23 : Baht 7.4 million each - Installment 24 December 2023 : Baht 52.2 million - Installment 25 January 2024 : The remaining principal and interest 	263,355	337,753
2.	358,854	<p>Repayment on a quarterly basis within January 2025</p> <ul style="list-style-type: none"> - Year 2018 : quarterly installments of Baht 0.04 million - Year 2019 : quarterly installments of Baht 5.4 million - Year 2020 : quarterly installments of Baht 14.3 million (June 2020 : moratorium on principal payment) - Year 2021 March : moratorium on principal payment <li style="padding-left: 20px;">June : Baht 1.08 million <li style="padding-left: 20px;">September : Baht 5.38 million <li style="padding-left: 20px;">December : Baht 5.38 million - Year 2022 : quarterly installments of Baht 5.38 million - Year 2023 March : Baht 5.38 million <li style="padding-left: 20px;">June : Baht 5.38 million <li style="padding-left: 20px;">September : Baht 5.38 million <li style="padding-left: 20px;">December : principal at least Baht 38.01 million - Year 2024 : quarterly installments of Baht 5.38 million - Year 2025 January : The remaining of principal of Baht 170.18 million 	191,715	245,875

(Unit: Thousand Baht)
Consolidated

No.	Credit facilities	Significant terms and conditions of loan agreements		Separate financial statements/ financial statements/	
		Repayment schedule	Interest rate	2023	2022
3.	199,940	<p>Repayment on a quarterly basis within the 22nd installment within March 2024</p> <ul style="list-style-type: none"> - Installment 1 : Baht 0.02 million - Installment 2 - 5 : Baht 3 million each - Installment 6 : Baht 3.3 million - Installment 7 - 10 : moratorium on principal payment - Installment 11 : Baht 0.6 million - Installment 12 - 20 : Baht 3 million each - Installment 21 : Baht 3 million - Installment 22 : The remaining principal and interest 	MLR minus fixed rate per annum	106,872	137,053
4	193,920	<p>Repayment on a quarterly basis within the 26th installment within 30 December 2025</p> <ul style="list-style-type: none"> - Installment 1 - 2 : Baht 3 million each - Installment 3 March 2020 : Baht 3 million <li style="padding-left: 20px;">April 2020 : Baht 4.98 million - Installment 4 - 8 : moratorium on principal payment - Installment 9 : Baht 3.6 million - Installment 10 - 11 : moratorium on principal payment - Installment 12 : Baht 7 million - Installment 13 : Baht 5 million - Installment 14 - 17 : Baht 3 million each - Installment 18 : December 2023 : Baht 21.18 million - Installment 19 : Baht 9.9 million - Installment 20 - 21 : Baht 12.09 million each - Installment 22 - 25 : Baht 15.91 million each - Installment 26 : The remaining principal and interest 	MLR of a bank minus fixed rate per annum	106,837	137,020

(Unit: Thousand Baht)
Consolidated

No.	Credit facilities	Significant terms and conditions of loan agreements		Interest rate	Separate financial statements/	
		Repayment schedule			2023	2022
5	2,034,120	<ul style="list-style-type: none"> Repayment on a quarterly basis within the 12th installment within 31 January 2024, the first installment in last business day of June 2021 - Installment 1 : Baht 6.6 million - Installment 2 - 10 : Baht 33 million each - Installment 11 : Baht 333 million - Installment 12 : The remaining principal and interest 	MLR minus fixed rate per annum	1,175,215	1,507,215	
6	179,940	<ul style="list-style-type: none"> Repayment on a quarterly basis within the 14th installment within 31 January 2024, the first installment in last business day of December 2020 - Installment 1 : Baht 24.32 million - Installment 2 - 3 : moratorium on principal payment - Installment 4 : Baht 3.6 million - Installment 5 - 12 : Baht 3 million each - Installment 13 December 2023 : Baht 21.20 million - Installment 14 January 2024 : The remaining principal and interest 	MLR minus fixed rate per annum	106,824	137,025	
Total long-term loans from financial institutions					1,950,818	2,501,941
Less: Current portion					(1,950,818)	(2,501,941)
Long-term loans from financial institutions - net of current portion					-	-

Movements in the long-term loans account during the years ended 31 December 2023 and 2022 were summarised below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2023</u>	<u>2022</u>
Beginning balance	2,501,941	2,726,480
Repayments	<u>(551,123)</u>	<u>(224,539)</u>
Ending balance	<u>1,950,818</u>	<u>2,501,941</u>

Under the Company's loan agreements and memorandum, the Company must comply with certain conditions which, among other things, require the Company to maintain a shareholding percentage and financial ratios.

The Company has engaged in negotiations with financial institutions to amend the terms and extend the repayment period for its long-term loans totaling Baht 299 million. The loan repayments have been extended from December 2023 and January 2024 to March 2024 and January 2025, amounting to Baht 107 million and Baht 192 million, respectively. The amendments were approved by the financial institutions in 2023. In addition, the Company has successfully negotiated an adjustment of terms and an extension of the due date for a long-term loan amounting to Baht 1,439 million. The original due date, initially set for the first quarter of 2024, has been extended to January 2025, and this extension was duly approved by the financial institution in January 2024. However, the Company has not obtained approval from a financial institution to amend the terms and extend the maturity date of the long-term loan of Baht 107 million, scheduled for repayment in January 2024. The Company is currently in the process of negotiating with the financial institution to align the payment terms with the cash flows received from the new business that is within the Company's expertise and experience.

Furthermore, in December 2023, the Company repaid the loan to Samart Corporation Public Company Limited, the parent company, in accordance with the agreement, covering both the principal and accrued interest, amounting to a total of Baht 436 million. The Company has negotiated to alleviate the repayment conditions of the Subordinated Loan by committing to repay a loan amount not exceeding the sum that the parent company will invest in additional shares of the Company. The financial institutions have duly signed and acknowledged this arrangement.

Upon considering compliance with the conditions specified in the agreements, it was noted that the Company was unable to maintain the required a shareholding percentage. Furthermore, upon reviewing the Company's financial statements as of 31 December 2023, it was noted that the Company was unable to maintain the financial ratios as stipulated in the loan agreements with the aforementioned financial institutions. As a result, the loan of Baht 1,951 million became repayable at call. The Company has classified these loans as current portion. However, the Company expects to receive waivers from the financial institutions, and the outcome of the negotiations will depend on their consideration for approval. Based on past experience, the Company has always received approval from financial institutions for amendments to loan conditions and extensions of repayment periods of long-term loans. In addition, the Company has received a Letter of Intent from its parent company committing to providing continuous financial support to the Group.

21. Convertible debentures

On 27 April 2023, the Annual General Meeting of shareholders of the Company passed a resolution to approve the issuance and offering of new convertible debentures of the Company, totaling not exceeding Baht 160 million, to specific investors, namely Advance Opportunities Fund and Advance Opportunities Fund 1, who are not considered connected persons. The purpose of this issuance is to secure working capital for the Company, invest in projects and repay loans from financial institutions. The convertible debentures are unsubordinated and unsecured, and will mature in 3 years with an interest rate of 0.50% per annum.

Movements of convertible debentures net from convertible debenture expenses for the year ended 31 December 2023 and 2022 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	<u>2023</u>	<u>2022</u>
Balance beginning of the year	37,964	27,632
Convertible debentures	150,000	500,000
Deferred interest expenses	(12,000)	(40,000)
Issuing during the period	138,000	460,000
Amortisation of debenture expenses	13,948	39,332
Total	189,912	526,964
Convert during the period	(168,000)	(489,000)
Balance end of the year	21,912	37,964

The management of the Company decided to classify the convertible debentures as financial liabilities since the number of shares required for their redemption will vary with the conversion price and the effective interest rate earned by the debenture holders will be close to the market interest rate or the Company's finance costs. Moreover, the conversion to share capital will take no more than one year from the date the debentures are issued. Therefore, the value of the financial liabilities is the fair value as at the transaction date and there is, consequently, no remaining embedded derivative.

On 18 March 2022, the Extraordinary General Meeting of the Company's shareholder passed a resolution approving the issuance and offering of the convertible debentures to private placement investors who are not related with the Company in the amount of not exceeding Baht 1,000 million. The proceeds from this debenture issuance will be used for working capital, investments in projects and repayments of loans from financial institutions. The convertible debentures details are summarised below.

Type of convertible debentures	Senior Unsecured Convertible Debentures
Currency	Thai Baht
Total principal amount	<p>Not exceeding Baht 1,000 million as it can be broken down into 4 tranches as follows:</p> <ol style="list-style-type: none"> 1. Tranche 1 not exceeding Baht 200 million, divided into 20 sets of Baht 10 million per set 2. Tranche 2 not exceeding Baht 250 million, divided into 25 sets of Baht 10 million Baht per set 3. Tranche 3 not exceeding Baht 250 million, divided into 25 sets of Baht 10 million per set 4. Tranche 4 not exceeding Baht 300 million, divided into 15 sets of Baht 20 million per set
Conversion condition	<p>The Company gradually will issue the Convertible Debentures in order of the Tranche (1 - 4) based on the liquidity of the Company. The issuance shall follow the condition precedent which is approved by the Securities and Exchange Commission and other related regulators including requirements and conditions of such convertible debentures.</p> <p>The timeframe of the conversion is within 3 years after shareholder's meeting approved the issuance. However, if the Company does not issue all convertible debentures within 3 years, the Company may request an approval of the shareholders' meeting to issue the unissued convertible debentures depending on the requirement for the Company's liquidity.</p>
Interest rate	0.50 percent per annum, provided that the interest will be paid on a quarterly basis.
Maturity period	3 years after the issuance of each Tranche.
Payback condition	Repay in lumpsum after each due of specific Tranche according to the term and condition of the Convertible Debenture. In such, for each Tranche the maturity period is not over 3 years after the issuance Convertible Debenture.

Redeem rights before due date	The holders of the Convertible Debentures may or may not have rights to redeem the Convertible Debentures before due date and/or the issuer of the Convertible Debentures may or may not have rights to redeem the Convertible Debentures before due date too. The redemption has to be followed by the terms and conditions of each set aligned with rules, regulations, laws and/or permissions from related authorised Governmental Bodies.
Conversion ratio	Principle amount of the Convertible Debentures dividend by the conversion price.
Conversion price	Not lower than 90 percent of market price which does not in the case the price is lower than the offering price offered pursuant to the Notification No. Tor Chor. 72/2558. The market price shall be calculated based on the weighted average price of the Company's shares trading on the Stock Exchange of Thailand for at least 7 consecutive business days but not more than 15 consecutive business days prior to the date the debenture holders exercise their conversion rights. The weighted average price is calculated from the average price weighted by the trading volume of each consecutive business days ("Floating Conversion Price") However, if the conversion price calculated above is lower than the par value of the Company's shares. The Company must issue additional compensation shares for the calculation of all shares issued at par value is based on the conversion price.
Conversion period	The holder of the Convertible Debentures may exercise their rights of conversion of the Convertible Debentures into the Company's until the close of business on the date falling 1 week prior to the maturity date of the Convertible Debentures.
Number of ordinary shares reserved for conversion	2,213,029,597 shares (equivalent to 12.9 percent of the total issued shares of the Company after registering the paid-up capital which are based on the assumption that the Convertible Debentures shall be entirely exercised.)
Secondary market for ordinary shares issued after conversion	The Company shall arrange to list the ordinary shares issued after the conversion of the Convertible Debentures on the Stock Exchange of Thailand or other stock exchange where the shares of the Company is a listed security at that time.

On 19 April 2022, the Company entered into convertible debenture agreement with private placement investors following the approved resolution from the Extraordinary General Meeting of the Company on 18 March 2022.

22. Leases

The group as a lessee

The group has lease contracts for various items of property, plant, and equipment used in its operations. leases generally have lease terms between 4 - 10 years.

a) Right-of-use assets

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	Transmission Equipment	Right-of-use building space	Motor vehicles	Total
1 January 2022	150,514	12,740	2,554	165,808
Addition	-	2,398	-	2,398
Depreciation for the year	(26,061)	(2,379)	(1,417)	(29,857)
Allowance for impairment	(77,292)	-	-	(77,292)
31 December 2022	47,161	12,759	1,137	61,057
Depreciation for the year	(9,784)	(2,394)	(611)	(12,789)
Decrease	-	(47)	-	(47)
Write-off right-of-use assets	(364)	-	-	(364)
Reversal of impairment loss on right-of-use assets	77,292	-	-	77,292
Decrease from leases termination	(114,305)	(4,475)	(526)	(119,306)
31 December 2023	-	5,843	-	5,843

	(Unit: Thousand Baht)
	Separate financial statements
	Right-of-use building space
1 January 2022	10,601
Depreciation for the year	(1,446)
31 December 2022	9,155
Depreciation for the year	(1,434)
Decrease from lease modification	(97)
Decrease from lease termination	(4,475)
31 December 2023	3,149

b) Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Lease payments	7,870	130,224	4,601	12,072
Less: Deferred interest expenses	(910)	(12,266)	(625)	(1,809)
Total	6,960	117,958	3,976	10,263
Less: Portion due within one year	(1,507)	(40,046)	(541)	(1,185)
Lease liabilities - net of current portion	5,453	77,912	3,435	9,078

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Balance at beginning the year	117,958	126,881	10,262	11,390
Increase (decrease) from lease modification	(47)	2,398	(97)	-
Increase in interest during the year	5,777	6,542	481	542
Lease payments	(30,576)	(17,863)	(1,702)	(1,670)
Decrease from lease termination	(86,152)	-	(4,968)	-
Balance at end of the year	6,960	117,958	3,976	10,262

A maturity analysis of lease payments is disclosed in Note 38.1 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	12,789	29,857	1,434	1,446
Interest expense on lease liabilities	5,777	6,542	481	542
Expense relating to short-term leases	296	660	-	-
Expense relating to leases of low-value assets	336	740	-	-

d) **Other**

The Group had total cash outflows for leases for the year ended 31 December 2023 of Baht 18 million, including the cash outflow related to short-term lease, leases of low-value assets. (2022: Baht 19 million).

Siam Sport Television Co., Ltd., a subsidiary company, has entered into the hire purchase agreements with related company and leasing companies for rental of motor vehicles with transmission tools and equipment and media asset management system for use in its operations, whereby the lease agreements carried interest 7.26 percent per annum and it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 years.

On 17 November 2021, the subsidiary company entered into a memorandum of amendment to lease agreement with the related company, in order to extend the payment period of rental order to lease agreement by 3 years.

During the year 2022, the subsidiary company recognised an impairment loss on such right-of-use assets of Baht 77.3 million to reduce the carrying amount of the assets to their recoverable amounts, because of the uncertainty of entering into the long-term service agreement with an agency.

Subsequently, on 15 December 2023, the subsidiary requested to terminate the aforementioned hire purchase agreement. The subsidiary has proposed that another company (which is not a related company) become the new buyer at a price of Baht 61.5 million. Therefore, the subsidiary wrote off the right-of-use assets and lease liabilities amounting to Baht 114.8 million and Baht 81.2 million, respectively, and reversed the allowance for impairment of right-of-use assets amounting to Baht 77.3 million. The subsidiary recognised a profit of Baht 43.7 million from the termination of this lease agreement in profit or loss for the year ended 31 December 2023.

23. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Provision for long-term employee benefits				
at beginning of year	12,108	12,950	6,392	6,271
Included in profit or loss:				
Current service cost	709	677	230	318
Interest cost	229	155	82	60
Reversal from disposal of investment in subsidiary	(5,509)	-	-	-
Employee transferal	-	(68)	-	(68)
Gain on settlement	-	(1,046)	-	(430)
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Financial assumptions changes	-	(448)	-	(141)
Experience adjustments	-	1,399	-	382
Reversal from disposal of investment in subsidiary	2,959	-	-	-
Benefits paid during the year	(2,349)	(1,511)	(2,349)	-
Provision for long-term employee benefits				
at end of year	<u>8,147</u>	<u>12,108</u>	<u>4,355</u>	<u>6,392</u>

The Group expects to pay Baht 0.6 million of long-term employee benefits during the next year (Separate financial statements: Baht 0.6 million) (2022: Baht 2 million and Separate financial statements: Baht 2 million).

As at 31 December 2023, the weighted average duration of the liabilities for long-term employee benefit is 6 - 35 years (Separate financial statements: 6 years) (2022: 6 - 35 years and separate financial statements: 6 years).

Significant actuarial assumptions are summarised below.

	(Unit: Percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Discount rate	2.0 - 4.9	2.0 - 4.9	2.6	2.0
Salary increase rate	3.0 - 4.5	3.0 - 4.5	3.0 - 4.5	3.0 - 4.5
Turnover rate	0 - 24	0 - 24	0 - 24	0 - 24

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

(Unit: Million Baht)

	Consolidated				Separate			
	financial statements				financial statements			
	Liability increase (decrease)				Liability increase (decrease)			
	Increase 1%		Decrease 1%		Increase 1%		Decrease 1%	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Discount rate	(0.5)	(0.7)	0.5	0.8	(0.2)	(0.2)	0.2	0.2
Salary increase rate	0.6	0.8	(0.5)	(0.7)	0.2	0.2	(0.2)	(0.2)
	Increase 20%		Decrease 20%		Increase 20%		Decrease 20%	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Turnover rate	(0.5)	(0.7)	0.6	0.9	(0.2)	(0.2)	0.3	0.2

24. Share capital and warrants

Share capital

	Number of ordinary shares	Registered share capital
	(Thousand shares)	(Thousand Baht)
<u>Registered share capital</u>		
1 January 2022	16,759,170	1,675,917
Decrease in registered share capital	(1,821,220)	(182,122)
Increase in registered share capital	2,213,029	221,303
1 January 2023	17,150,979	1,715,098
Decrease in registered share capital	(3,617,839)	(361,784)
Increase in registered share capital	37,126,442	3,712,644
31 December 2023	<u>50,659,582</u>	<u>5,065,958</u>

Year 2022

On 18 March 2022, an extraordinary general meeting of the Company's shareholders passed the following resolutions:

1. Approving the decrease of the Company's registered capital of Baht 182,122,044.40 from Baht 1,675,917,022.50 to the new registered capital of Baht 1,493,794,978.10 by cancelling 1,821,220,444 ordinary shares with par value of Baht 0.10 remaining from the allocation to reserve for the issuance of convertible debentures. The Company registered the decrease in share capital with the Ministry of Commerce on 21 March 2022.

2. Approving the increase of the Company's registered capital of Baht 221,302,959.70 from Baht 1,493,794,978.10 to the new registered capital of Baht 1,715,097,937.80 by issuing 2,213,029,597 new ordinary shares with par value of Baht 0.10 in order to reserve for the exercise of the conversion right of the Convertible Debentures. The Company registered the increase in share capital with the Ministry of Commerce on 22 March 2022.

Year 2023

On 27 April 2023, the Annual General Meeting of shareholders of the Company passed the following resolutions.

- 1) Approving the increase in the Company's registered capital of Baht 309,434,611.40, from Baht 1,715,097,937.80 to Baht 2,024,532,549.20, by issuing 3,094,346,114 newly issued ordinary shares with a par value of Baht 0.10 each. The purpose of the issuance is to (1) accommodate the conversion rights of the convertible debentures and (2) allocate the newly issued ordinary shares by private placement. The Company has already registered the increase in share capital with the Ministry of Commerce on 19 May 2023.
- 2) Approving the allocation of not exceeding 1,207,549,703 newly issued ordinary shares with a par value of Baht 0.10 each to accommodate the conversion rights of the convertible debentures and approve the Company determining the conversion price of convertible debentures to be issued in private placement, which may be lower than the par value but not less than Baht 0.01 per share.
- 3) Approving the issuance and allocation of not exceeding 1,886,796,411 newly issued ordinary shares with a par value of Baht 0.10 each by way of private placement, to be offered to specific investors, including Echelon Capital Holdings Limited, who is not considered a connected person, and/or other investors as determined by the subsidiary for additional private placement. In addition, the resolution approved the subsidiary determining the offering price of the newly issued ordinary shares for private placement, which may be lower than the par value but not less than Baht 0.01 per share. The conversation price is not less than 90 percent of weighted average price of the subsidiary's share trading for not less than 7 consecutive business days but not more than 15 consecutive business days prior to the date the offering price is determined.

On 28 November 2023, an extraordinary general meeting of the Company's shareholders passed the following resolutions:

1. Approving the decrease of the Company's registered capital of Baht 361,783,921.40, from the existing registered capital of Baht 2,024,532,549.20 to the new registered capital of Baht 1,662,748,627.80 by canceling 3,617,839,214 unissued shares with a par value of Baht 0.10 per share, which remained from the share allocation to accommodate (1) the exercise of warrants to purchase ordinary shares of the Company (SDC-W1) allocated to existing shareholders who subscribed and had been allocated the newly issued ordinary shares issued and offered to existing shareholders in proportion to their shareholding (Right Offering) per the resolution of the Annual General Meeting of Shareholders for the year 2018 held on 27 April 2018, and (2) the issuance and allocation of the newly issued ordinary shares through a private placement, i.e., Echelon Capital Holdings Limited, who is not considered a connected person, and/or other investors who are considered private placement, per the resolution of the Annual General Meeting of Shareholders for the year 2023. The Company registered the decrease in share capital with the Ministry of Commerce on 29 November 2023.

2. Approving the issuance and offering of newly issued convertible debentures for use as working capital of the Company for project investments and loan settlement with banks. The total offered value will not exceed Baht 650,000,000, and the offering will be made to specific investors that are Advance Opportunities Fund and Advance Opportunities Fund 1. These funds are identified as not being connected persons of the Company.
3. Approving the increase of the Company's registered capital of Baht 3,403,209,625.60, from the existing registered capital of Baht 1,662,748,627.80 to the new registered capital of Baht 5,065,958,253.40 by issuing 34,032,096,256 ordinary shares with a par value of Baht 0.10 to accommodate (1) the conversion rights of the convertible debentures issued to specific investors, and (2) allocation the newly issued ordinary shares to the existing shareholders in proportion to their shareholding (Right Offering). The Company registered the increase in share capital with the Ministry of Commerce on 30 November 2023.
4. Approving the allocation of newly issued ordinary shares not exceeding 2,855,926,276 shares with a par value of Baht 0.10 per share to accommodate the conversion rights of the convertible debentures issued and offered to Advance Opportunities Fund and Advance Opportunities Fund 1, which are not connected persons of the Company. Additionally, the Company is approved to designate the conversion price of the convertible debentures, which may be lower than the par value of the Company but not less than Baht 0.01 per share.
5. Approving the allocation of the newly issued ordinary shares not exceeding 31,176,169,980 shares, with a par value of Baht 0.10 per share, to offer to existing shareholders in proportion to their shareholding (Right Offering), whether once or several times. The allocation ratio is set at 1 existing ordinary share to 2 newly issued ordinary shares, with fractions resulting from the calculation of such allocation being disregarded, at the offering price of Baht 0.05 per share.
6. Approving the designation of the conversion price of the convertible debentures issued and offered in accordance with the resolution of the Extraordinary General Meeting of Shareholders held on 18 March 2022. The designated conversion price may be lower than the par value of the Company but not less than Baht 0.01 per share.

The Company has already registered the increase in paid-up share capital with the Ministry of Commerce.

	Number of ordinary shares (Thousand shares)	Paid-up share capital (Thousand Baht)	Share premium (Thousand Baht)
<u>Issue and paid-up share capital</u>			
1 January 2022	12,499,844	1,249,984	3,167,745
Increase from exercise of convertible debentures	<u>1,475,021</u>	<u>147,503</u>	<u>341,497</u>
31 December 2022	13,974,865	1,397,487	3,509,242
Increase from exercise of convertible debentures	1,724,330	172,433	(4,433)
Issued additional shares	<u>14,093,820</u>	<u>1,409,382</u>	<u>(704,691)</u>
31 December 2023	<u>29,793,015</u>	<u>2,979,302</u>	<u>2,800,118</u>

The Company has already registered the increase in paid-up share capital with the Ministry of Commerce.

Warrants

On 27 April 2018, the Annual General Meeting of the Company's shareholders passed a resolution to issue warrants no. 1 (SDC-W1) up to 2,200,125,000 units of warrants to the existing shareholders of the Company who subscribe to and are allocated newly issued shares by offering to them in proportion to their shareholdings (rights offering) at the ratio of 4 newly issued shares to 1 warrant, without any cost. The exercise ratio is 1 warrant : 1 share, with an exercise price of Baht 0.5 per 1 ordinary share. The warrants have a life of 5 years and are exercisable on 15th of March, June, September and December of each year throughout the life of the warrants, commencing from 28 December 2018 until 1 June 2023.

Warrants	Exercise price (Baht per unit)	Exercise ratio (Warrants: ordinary shares)	Warrants issued (Thousand units)	Exercised or cancelled (units)	Warrants as at
					31 December 2023 (Thousand units)
SDC-W1	0.50	1:1	1,731,043	1,731,043	-

The warrant has been expired and ceased to be listed securities since 2 June 2023.

25. 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.

26. Service income

Service income for the years ended 31 December 2023 and 2022 was summarised as followings:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Service income under telecommunication service				
license - Type 1	2,096	1,298	2,096	1,298
Other service income	182,067	156,759	79,634	37,382
Total service income	<u>184,163</u>	<u>158,057</u>	<u>81,730</u>	<u>38,680</u>

27. Revenues from contract work

27.1 Contract balances

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Contract assets				
Accrued income	354,738	31,107	349,406	25,384
Total contract assets	<u>354,738</u>	<u>31,107</u>	<u>349,406</u>	<u>25,384</u>
Contract liabilities				
Unearned revenue	(3,497)	(78,450)	(2,821)	(76,885)
Total contract liabilities	<u>(3,497)</u>	<u>(78,450)</u>	<u>(2,821)</u>	<u>(76,885)</u>

27.2 Revenue to be recognised for the remaining performance obligations

As at 31 December 2023, revenue aggregating to Baht 197 million (2022: Baht 1,821 million) is expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of contracts with customers (Separate financial statements: Baht 197 million (2022: Baht 1,821 million)). The Group expects to satisfy the performance obligations within 2024.

28. Other income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Gain on sales of equipment	394	1,387	349	915
Gain on disposal of investment in subsidiary (Note 13.9)	1,243	-	-	-
Reversal of impairment loss on equipment	2,622	-	2,622	-
Gain from lease modification	43,645	-	494	-
Management fee income	-	-	9,480	8,436
Others	7,457	5,420	4,474	4,235
Total other income	<u>55,361</u>	<u>6,807</u>	<u>17,419</u>	<u>13,586</u>

29. Expenses by nature

Significant expenses classified by nature were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Purchase finished goods for sales	1,135,194	641,375	1,134,538	640,823
Changes in inventories	122,539	21,973	122,518	21,897
Impairment loss on equipment	404,821	392,030	404,821	392,030
Depreciation and amortisation	173,208	132,695	139,647	79,002
Salaries and wages and other employee benefits	55,183	52,440	18,171	17,028
Marketing expenses	7,194	7,577	-	-
Rental expenses from operating lease and services agreements	6,817	6,638	3,664	3,577
Provision for expected credit losses	-	127,430	-	127,382
Impairment loss on right-of-use assets	-	77,292	-	-
Write-off goodwill	-	59,323	-	-
Transmission equipment rental expenses	-	471	-	-

30. Other expenses

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Loss from long-term provision	61,600	-	-	-
Impairment loss on other non-current assets	50,833	-	-	-
Write-off fixed assets	3,485	835	3,485	835
Impairment loss on right-of-use assets	-	77,292	-	-
Write-off goodwill	-	59,323	-	-
Others	517	58	73	-
Total other expenses	<u>116,435</u>	<u>137,508</u>	<u>3,558</u>	<u>835</u>

31. Finance cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest expenses on:				
Bank loans	137,184	113,491	136,902	113,295
Convertible debentures	14,066	39,427	14,066	39,427
Loans from related parties	15,182	14,504	21,345	17,390
Lease liabilities	5,777	6,542	481	542
Total interest expenses	172,209	173,964	172,794	170,654
Bank charges	9,574	9,697	9,487	9,497
Total finance cost	181,783	183,661	182,281	180,151

32. Income tax

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current tax				
Current income tax charge	1,734	1,517	-	-
Deferred tax				
Relating to origination and reversal of temporary differences	(89)	298,427	610	291,610
Income tax expenses reported in profit or loss	1,645	299,944	610	291,610

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Deferred tax relating to actuarial loss	-	(48)	-	(24)
Income tax income reported in other comprehensive income	-	(48)	-	(24)

The reconciliation between accounting loss and income tax expenses was shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Accounting loss before tax	<u>(736,857)</u>	<u>(965,365)</u>	<u>(752,922)</u>	<u>(883,524)</u>
Applicable tax rate	15% and 20%	15% and 20%	20%	20%
Accounting loss before tax multiplied by income tax rate	(146,813)	(192,827)	(150,584)	(176,705)
Share of loss from investment in subsidiaries	-	-	28,576	24,423
Effects of:				
Utilisation of tax loss carry forward	-	(79)	-	-
Non-deductible expenses	15,077	728	415	480
Additional expenses deductions allowed	(506)	(834)	-	-
Others	(202)	-	-	-
Total	14,369	(185)	415	480
Write-off of deferred tax assets	-	311,208	-	291,610
Deferred tax assets not recognised	134,089	181,748	122,203	151,802
Income tax expenses reported in profit or loss	<u>1,645</u>	<u>299,944</u>	<u>610</u>	<u>291,610</u>

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

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Deferred tax assets				
Allowance for diminution in value of inventories	1	228	-	-
Provision for long-term employee benefits	488	450	-	-
Unused tax loss	18,364	18,364	18,364	18,364
Others	-	8	-	-
Total	<u>18,853</u>	<u>19,050</u>	<u>18,364</u>	<u>18,364</u>
Deferred tax liabilities				
Accumulated amortisation - intangible assets	(3,082)	(3,977)	-	-
Others	(1,217)	(607)	(1,217)	(607)
Total	<u>(4,299)</u>	<u>(4,584)</u>	<u>(1,217)</u>	<u>(607)</u>
Deferred tax, net	<u>14,554</u>	<u>14,466</u>	<u>17,147</u>	<u>17,757</u>

Deferred tax assets and liabilities in statement of financial position were as follows:

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Deferred tax assets	14,554	14,466	17,147	17,757
Deferred tax, net	<u>14,554</u>	<u>14,466</u>	<u>17,147</u>	<u>17,757</u>

As at 31 December 2023, the Group has Baht 18 million (2022: Baht 18 million) deferred tax assets in relation to tax loss carried forward deductible against future profit in tax calculation if the Company has sufficient profit.

The Company has signed for a new business under the expertise and experience of the Company and it is able to commence business operations immediately thereafter. The Company expects to gain sufficient profit to utilise tax loss carried forward. It therefore believes that it will benefit from the recorded deferred tax assets, considering the current situation. Although the Company has evaluated and exercised its best estimate, there is still uncertainty regarding the current situation and future changes in circumstances, which is normal for future events that have not yet occurred.

As at 31 December 2023, the Group has deductible temporary differences Baht 3,089 million and separate financial statements: Baht 3,036 million (2022: Baht 2,796 million and separate financial statements: Baht 2,683 million) and unused tax losses which will expire in 2024 - 2028 totaling Baht 1,723 million and separate financial statements: Baht 1,513 million (2022: unused tax losses which will expire in 2023 - 2027 totaling Baht 2,195 million and separate financial statements: Baht 1,816 million), on which deferred tax assets have not been recognised as the Group believes that the future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

33. Basic loss per share

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

Diluted loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the total sum of the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued according to the portion of exercise.

As at 31 December 2023, the remaining of convertible debentures of Baht 23 million (which derived from the convertible debentures issued) are excluded from the diluted weighted average number of ordinary shares calculation because the effect would have been anti-dilutive.

As at 31 December 2022, the warrants are excluded from the potential ordinary shares since their exercise price is higher than the fair value of the ordinary shares. As at 31 December 2023, the warrant has been expired and ceased to be listed securities since 2 June 2023.

34. 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.

For management purposes, the Group is organised into business units based on their products and services. The Group have two business segments as follows:

1. Digital Network segment

Provision Digital Trunked Radio systems and distribution equipment, audio - visual equipment network and software systems and a mobile antenna services provider (Mobile Virtual Network Operator).

2. Digital Content segment

2.1 Provision of voice services, audiovisual or multimedia services and infotainment services through mobile phones

2.2 Content provider through multimedia channels

2.3 Producer of television

2.4 Provision of multimedia and interactive media services

2.5 Provision of website services

2.6 Provision of entertainment services as part of intelligent marketing strategy

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is set out in Note 6 to the financial statements.

The following tables present revenue and profit and total assets/total liabilities information regarding the Group' operating segments for the years ended 31 December 2023 and 2022, respectively.

	(Unit: Million Baht)							
	Digital network		Digital content		Adjustments and eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
Sales and service income	1,751	430	99	114	-	-	1,850	544
Sales and service income from third parties	45	83	17	20	(13)	(15)	49	88
Sales and service income from related parties	1,796	513	116	134	(13)	(15)	1,899	632
Total sales and service income	1,840	544	90	129	(8)	(11)	1,922	662
Cost of sales and service	(44)	(31)	26	5	(5)	(4)	(23)	(30)
Gross profit (loss)								
Unallocated income (expenses):								
Gain on exchange							11	4
Other income							55	7
Selling and distribution expenses							(13)	(10)
Administrative expenses							(72)	(96)
Impairment loss on equipment							(405)	(393)
Other expenses							(116)	(137)
Finance income							1	1
Finance cost							(182)	(184)
Reversal of impairment (loss) on financial assets							7	(127)
Income tax expenses							(2)	(300)
Non-controlling interests of the subsidiaries							(15)	90
Loss for the year							(754)	(1,175)

(Unit: Million Baht)

	Digital network		Digital content		Adjustments and eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
Assets								
Trade receivables - net	1,446	78	15	13	(6)	(5)	1,455	86
Inventories - net	98	221	-	-	-	-	98	221
Equipment - net	2,270	2,661	5	11	-	-	2,275	2,672
Deferred tax assets	18	18	-	-	(3)	(4)	15	14
Others	1,769	2,292	74	163	(1,086)	(1,196)	757	1,259
Segment total assets	5,601	5,270	94	187	(1,095)	(1,205)	4,600	4,252
Segment total liabilities	5,272	4,918	69	175	(932)	(900)	4,409	4,193
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	(457)	290	(132)	(93)	(4)	(4)	(593)	193

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers				
Sales	91	132	89	131
Service income	184	158	82	39
Revenue from contract work	<u>1,624</u>	<u>342</u>	<u>1,624</u>	<u>342</u>
Total	<u>1,899</u>	<u>632</u>	<u>1,795</u>	<u>512</u>
Timing of revenue recognition:				
Revenue recognised at a point in time	91	132	89	131
Revenue recognised at over time	<u>1,808</u>	<u>500</u>	<u>1,706</u>	<u>381</u>
Total revenue from contracts with customers	<u>1,899</u>	<u>632</u>	<u>1,795</u>	<u>512</u>

Geographic information

The Group operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the year 2023, the Group had revenue from 2 major customers in amount of Baht 1,703 million and Baht 32 million, arising from contract works deliverable and product sales (2022: the Group had revenue from 2 major customers in amount of Baht 342 million and Baht 34 million, arising from contract works deliverable and product sales).

35. Provident fund

The Company, subsidiary companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and subsidiary companies contribute to the fund monthly at the rate of 3 - 10 percent of basic salary. Their employees contribute to the fund monthly at the rate of 3 - 15 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited and Bank of Ayudhya Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2023 amounting to approximately Baht 2 million (Separate financial statements: Baht 1 million) (2022: Baht 2 million, Separate financial statements: Baht 1 million) were recognised as expenses.

36. Commitments and contingent liabilities

The Group has commitments and contingent liabilities other than those disclosed in other notes to financial statements as follows:

36.1 Lease commitments and service agreements

As at 31 December 2023 and 2022, the Group has future lease payments required under short-term leases, leases of low-value assets and service agreements as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Within up to 1 year	11	11	3	3
Over 1 and up to 3 years	6	-	3	-
Total	<u>17</u>	<u>11</u>	<u>6</u>	<u>3</u>

36.2 Guarantees

36.2.1 Bank guarantees

As at 31 December 2023, there were outstanding bank guarantees issued by banks on behalf of the Group, in respect of the normal course of certain performance bonds as required in their business. The details of bank guarantees are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Performance guarantees	402.49	402.91	393.49	393.91
Guarantee electricity use, among others	-	0.10	-	-
	<u>402.49</u>	<u>403.01</u>	<u>393.49</u>	<u>393.91</u>

36.2.2 Guarantees to related parties

The Company has contingent liabilities in respect of the guarantees of subsidiaries' credit facilities provided to banks as follows:

	(Unit: Million Baht)	
	Guaranteed facilities	
	<u>2023</u>	<u>2022</u>
I-Sport Co., Ltd.	10	-
I-Sport Co., Ltd. and Siam Sport Television Co., Ltd.	-	10

These guarantees are effective for as long as the underlying obligations have not been discharged by those subsidiaries.

36.3 Commitments in uncalled portions of investments

As at 31 December 2023, the Company has outstanding commitment in respect of uncalled portions of investment in its local subsidiary of approximately Baht 3 million (2022: Baht 3 million).

36.4 Other commitments

36.4.1 The Group entered into the service agreements with various companies between 1 and 3 years. The Group has to pay a monthly facility service fee at the rate stipulated in the agreements.

36.4.2 On 10 March 2017, the Company entered into an agreement to enter into a consortium with Smart Communication Services Co, Ltd. named SISC Consortium, for the purpose of entering into an alliance service agreement for Digital Trunked Radio System with CAT Telecom Public Co., Ltd. (Currently, CAT Telecom Public Co., Ltd. has been merged with TOT Public Co., Ltd. into National Telecom Public Co., Ltd.). The Company was appointed as the lead company of SISC Consortium and is authorised to act on behalf of SISC Consortium. The agreement is effective from the date that the agreement is signed and will terminate when SISC Consortium has fully discharged its responsibilities under the agreement. The Company is obliged to comply with certain conditions and pay fees for the project as stated in the agreement.

Subsequently, on 24 August 2017, SISC Consortium entered into a business alliance agreement with CAT Telecom Public Co., Ltd. in order to increase its capability to provide Digital Trunked Radio System (DTRS) services. The agreement will terminate on 31 July 2025.

On 2 October 2017, the Company entered into a three-year agreement with CAT Telecom Public Co., Ltd. to resell digital trunked radio system services to end-users. The term shall be automatically extended for another one-year term, unless either party provide the other with written notice of its election not to extend on before the date of expiration. Under the terms of the agreement, the Company is obliged to pay minimum wholesale service fees at a stipulated rate.

36.4.3 As at 31 December 2023, the Company has commitment to a company of approximately USD 17 million or equivalent to Baht 586 million and Baht 42 million (2022: USD 35 million or equivalent to Baht 1,227 million and Baht 521 million) relating to the purchase of inventory for Digital Trunked Radio System (DTRS) services.

36.5 Capital commitment

As at 31 December 2023, the Company has capital commitment of approximately Baht 51 million (2022: USD 1 million or equivalent to Bath 49 million and Baht 565 million) regarding the purchases of equipment for Digital Trunked Radio System (DTRS) services.

As at 31 December 2023, Thai Base Station Co., Ltd., a subsidiary company, has capital commitment of approximately Bath 91 million (2022: Bath 92 million) regarding the purchases of equipment and installation for telecommunication tower service for Tower-Co project.

36.6 Litigation and claims

On 27 November 2009, the Company entered into a Memorandum of Understanding with TOT Public Company Limited for a 3G mobile phone network trial project. Subsequently, on 29 March 2011, the Company entered into an agreement to transfer rights and obligations as per to the Memorandum of Understanding for the trial of the 3G mobile phone network service to I-Mobile Plus Co., Ltd., a subsidiary.

On 22 February 2017, TOT Public Co., Ltd. (now merged with CAT Telecom Public Co., Ltd. to form National Telecom Public Co., Ltd.) submitted a letter to the Office of National Broadcasting and Telecommunications Commission (NBTC) to notify the NBTC of the cancellation of the cooperation under the Memorandum of Understanding with respect to 3G mobile network service trial project prior to notifying of such cancellation to I-Mobile Plus Co., Ltd., a subsidiary company. On 1 March 2017, the subsidiary company submitted a letter to TOT Public Co., Ltd. and the NBTC to notify of the termination of i-mobile 3GX service because the 3GX cellular phone system was frequently disrupted and TOT Public Co., Ltd. was unable to permanently fix the problem. In addition, TOT Public Co., Ltd. had not expanded its base station following its business plan in order to expand the coverage across the country. Subsequently, on 22 June 2017, the NBTC submitted to the subsidiary a letter regarding an approval of the termination of the Telecommunications Business License type 1 and agreed with the company's recovery plan for the users of i-mobile 3GX. Subsequently, the subsidiary submitted a letter notifying the NBTC that it had mutually agreed with TOT Public Company Limited that the date of discontinuing the i-mobile 3GX service would be 18 July 2017.

Later, the subsidiary company has been notified by TOT Public Co., Ltd. demanding the payment for Home Location Register (HLR) amounting to Baht 19 million. However, the management and the legal department of the subsidiary company were of the opinion that the subsidiary company was not liable to such payment because the data storage on HLR did not reach the quota specified in the agreement. The subsidiary company filed a plaint for compensation with TOT Public Co., Ltd. to the Civil Court since October 2018 amounting to Baht 1,941 million. Subsequently, on 9 March 2023, the Court of First Instance ruled that TOT Public Company Limited (currently a National Telecommunications Public Company Limited) made a payment to the subsidiary in the amount of Baht 748 million plus interest at the rate of 7.5% per annum of such principal counting from the date of filing (filing on 4 October 2018) until 10 April 2021 and a rate of 5% per annum, which is the rate under the Civil and Commercial Code from 11 April 2021 onwards until payment is made to the subsidiary. On 5 September 2023, the subsidiary filed an appeal against the judgment of the Court of First Instance, requesting the Court of Appeal to consider the case and order the defendant to pay additional damages totaling Baht 812 million. Currently, the case is being considered by the Court of Appeal.

In addition, TOT Public Co., Ltd. submitted a letter to the subsidiary demanding the payment for accrued service fee totaling Baht 137 million (including, Home Location Register, mentioned above). Subsequently, the subsidiary submitted a letter requesting to offset the service fee with prepaid bulk or package that the subsidiary had purchased from TOT Public Co., Ltd. with the balance of Baht 70 million.

Subsequently, during 2020, TOT Public Co., Ltd. filed a suit against the Company and the subsidiary with the Central Administrative Court for breach of an administrative contract with an amount in dispute of Baht 212 million (including interest thereon). The Central Administrative Court issued an order not to accept the specific plaint regarding the service fee payment for preparing and storing data in the Home Location Register (HLR) from April 2011 to October 2014 with interest and VAT. Subsequently, during 2021, the Supreme Administrative Court reversed the order of the Central Administrative Court requiring the Central Administrative Court to accept the plaint. On 30 April 2021, the Company and the subsidiary filed an amended plaint with the Central Administrative Court.

While the case is under the consideration of the Administrative Court, on 21 October 2020, the Company and its subsidiaries filed an objection against the jurisdiction and requested a court decision per the Act on the Determination of the Powers and Duties among Courts. Subsequently, on 27 May 2021, the Committee on Jurisdiction of Courts decided that the case is in jurisdiction of the Court of Justice, not the Administrative Court. Subsequently, on 12 November 2021, the Administrative Court issued a letter notifying of an order to transfer the case to the Civil Court. On 12 January 2022, the Civil Court notified the Company that the case had been transferred from the Administrative Court. On 14 December 2023, the Civil Court

issued an order that both the Company and its subsidiary collectively pay Baht 137 million, along with an interest rate of 5% per annum, starting from 20 December 2017, until the complete settlement to TOT Public Co., Ltd. (now known as National Telecom Public Company Limited). As of 31 December 2023, the subsidiary has fully recorded the liability (under provision and other payable). Subsequently, on 9 February 2024, the subsidiary sought an extension for the appeal period, which the court granted, extending the appeal deadline until 14 March 2024.

The legal advisor of the Group is of the opinion that TOT Public Co., Ltd. is in breach of the contract, resulting in substantial business damages to both the Company and its subsidiary. For the case filed by the subsidiary with the Civil Court, the Civil Court rules in favor of the subsidiary. The subsidiary will prevail at the conclusion of the case. Therefore, the management of the Group maintains confidence that the Group will not incur significant losses in connection with these two cases. However, as of now, the outcomes of these cases remain pending and are contingent upon future judicial procedures.

The subsidiary has exercised prudence in recognising the aforementioned debt in accordance with accounting standards. This recognition does not alter the nature of the case and should not be construed as a waiver of legal rights. Additionally, the recording of this debt does not imply that the Company and its subsidiary will abstain from asserting their rights through the legal justice process in the future. The Company and the subsidiary maintain confidence in their legal position and are committed to pursuing the legal process until its conclusion.

37. Fair value hierarchy

As at 31 December 2022, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows (2023: Nil):

	(Unit: Million Baht)		
	Consolidated financial statements/ Separate financial statements		
	31 December 2022		
	Level 1	Level 2	Total
Financial assets measured at fair value			
Financial assets at fair value through profit or loss			
Listed equity investment	0.2	-	0.2
Financial liabilities measured at fair value			
Derivatives			
Foreign currency forward contracts	-	1.0	1.0

38. Financial instruments

38.1 Financial risk management objectives and policies

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

Credit risk

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

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored. In addition, the Group does not have high concentrations of credit risk since it has a large customer base in various industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The calculation reflects 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. Generally, trade receivables are written-off according to the Group's policy determining the appropriateness.

Market risk

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

Foreign currency risk

The Group's exposure to foreign currency risk arise mainly from purchasing transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial liabilities denominated in foreign currencies were summarised below.

Foreign currency	Consolidated financial statements/Separate financial statements		Exchange rate as at 31 December	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Million)		(Baht per 1 foreign currency unit)	
Financial liabilities				
US dollar	0.56	5.63	34.3876	34.7335

Foreign currency sensitivity

The Group's exposure to foreign currency changes for all other currencies is not material.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to their cash at banks, short-term and long-term borrowings. Most of the Groups' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date.

(Unit: Million Baht)

	Consolidated financial statements										
	Fixed interest rates					Floating					Total
	Within 1 year		1 - 5 years			interest rate		Non-interest bearing			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
Financial assets											
Cash and cash equivalents	-	-	-	-	66	213	-	-	-	66	213
Trade and other receivables	-	-	-	-	-	-	1,455	86	1,455	86	86
Restricted bank deposits	103	103	-	-	-	-	-	-	-	103	103
Other financial assets	-	-	-	-	-	-	3	3	3	3	3
	103	103	-	-	66	213	1,458	89	1,627	1,627	405
Financial liabilities											
Bank overdrafts	-	-	-	-	63	65	-	-	-	63	65
Short-term loans from banks	3	3	-	-	-	-	-	-	-	3	3
Trade and other payables	-	-	-	-	-	-	2,270	1,038	2,270	1,038	1,038
Short-term loans from unrelated parties	-	-	-	-	10	13	-	-	-	10	13
Other current financial liabilities	-	-	-	-	-	-	-	1	-	-	1
Long-term loans from related parties	-	-	-	322	-	-	-	-	-	-	322
Long-term loans from financial institutions	-	-	-	-	1,951	2,501	-	-	1,951	1,951	2,501
Convertible debentures	-	-	23	38	-	-	-	-	-	23	38
	3	3	23	360	2,024	2,579	2,270	1,039	4,320	4,320	3,981

Effective interest rates of financial assets and liabilities were separately shown in related notes to financial statements.

(Unit: Million Baht)

		Separate financial statements										Total	
		Fixed interest rates		Floating interest rate				Non-interest bearing					
		Within 1 year	1 - 5 years	2023	2022	2023	2022	2023	2022	2023	2022		
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets													
Cash and cash equivalents	-	-	-	44	180	-	-	-	-	-	-	44	180
Trade and other receivables	-	-	-	-	-	1,483	98	1,483	98	1,483	98	1,483	98
Short-term loans	-	-	-	21	104	-	-	-	-	-	-	21	104
Restricted bank deposits	103	103	-	-	-	-	-	-	-	-	-	103	103
Other financial assets	-	-	-	-	-	2	2	-	-	2	2	2	2
	103	103	-	65	284	1,485	100	1,485	100	1,653	1,653	487	487
Financial liabilities													
Bank overdrafts	-	-	-	63	65	-	-	-	-	-	-	63	65
Trade and other payables	-	-	-	-	-	2,172	932	2,172	932	2,172	932	2,172	932
Short-term loans from related parties	-	-	-	537	533	-	-	-	-	-	-	537	533
Other current financial liabilities	-	-	-	-	-	-	1	-	1	-	-	-	1
Long-term loans from related parties	-	-	-	-	322	-	-	-	-	-	-	-	322
Long-term loans from financial institutions	-	-	-	1,951	2,501	-	-	-	-	1,951	-	1,951	2,501
Convertible debentures	-	-	23	38	-	-	-	-	-	-	-	23	38
	-	-	23	360	3,099	2,172	933	2,172	933	4,746	4,746	4,392	4,392

Effective interest rates of financial assets and liabilities were separately shown in related notes to financial statements.

Interest rate sensitivity analysis

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 floating rate short-term loans and long-term loans affected as at 31 December 2023 and 2022, with all other variables held constant.

Currency	Increase/ decrease (%)	Consolidated financial statements		Separate financial statements	
		Effect on loss before tax increase/(decrease)		Effect on loss before tax increase/(decrease)	
		<u>2023</u> (Thousand Baht)	<u>2022</u> (Thousand Baht)	<u>2023</u> (Thousand Baht)	<u>2022</u> (Thousand Baht)
Baht	+0.10	1,963	2,515	2,211	2,764
	-0.10	(1,963)	(2,515)	(2,211)	(2,764)

The above analysis has been prepared assuming that the amounts of the floating rate borrowings and all other variables remain constant over one year. Moreover, the floating legs of these borrowings are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest 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 has a policy to control the risk of a shortage of liquidity by maintaining an adequate level of cash and cash equivalents for the Group's operation. As at 31 December 2023, approximately 98% (2022: 89%) of the Group's debt will mature in less than one year (The Company only: 98% (2022: 91%)) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed risk with respect to refinancing its debt and concluded that the Group has access to a source of funding, and the Group can request for roll over debt maturing within 12 months with existing lenders.

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

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2023					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Bank overdrafts	63	-	-	-	63
Short-term loans from financial institutions	-	3	-	-	3
Short-term loans	10	-	-	-	10
Trade and other payables	2,270	-	-	-	2,270
Lease liabilities	-	2	6	-	8
Long-term loans	2,048	-	-	-	2,048
Convertible debentures	-	-	23	-	23
Total non-derivatives	4,391	5	29	-	4,425

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2022					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Bank overdrafts	65	-	-	-	65
Short-term loans from financial institutions	-	3	-	-	3
Short-term loans	13	-	-	-	13
Trade and other payables	1,038	-	-	-	1,038
Lease liabilities	-	46	84	-	130
Long-term loans from related parties	-	-	366	-	366
Long-term loans	2,560	-	-	-	2,560
Convertible debentures	-	-	41	-	41
Total non-derivatives	3,676	49	491	-	4,216
Derivatives					
Other current financial liabilities	-	1	-	-	1
Total derivatives	-	1	-	-	1

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2023					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Bank overdrafts	63	-	-	-	63
Short-term loans from related parties	537	-	-	-	537
Trade and other payables	2,172	-	-	-	2,172
Lease liabilities	-	1	4	-	5
Long-term loans	2,048	-	-	-	2,048
Convertible debentures	-	-	23	-	23
Total non-derivatives	4,820	1	27	-	4,848

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2022					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Bank overdrafts	65	-	-	-	65
Short-term loans from related parties	533	-	-	-	533
Trade and other payables	932	-	-	-	932
Lease liabilities	-	2	10	-	12
Long-term loans from related parties	-	-	366	-	366
Long-term loans	2,560	-	-	-	2,560
Convertible debentures	-	-	41	-	41
Total non-derivatives	4,090	2	417	-	4,509
Derivatives					
Other current financial liabilities	-	1	-	-	1
Total derivatives	-	1	-	-	1

38.2 Fair value of financial instrument

Since the majority of the Groups' 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.

39. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2023, the Group's debt-to-equity ratio was 23.2:1 (2022: 71.1:1) and the Company's was 24.4:1 (2022: 54.6:1).

40. Events after the reporting period

40.1 In June and August 2023, the Company issued convertible debentures and offered the newly issued convertible debentures in accordance with the convertible debenture issuance agreement No. 22 - 24, leaving a balance of Baht 23 million in non-convertible debentures. These convertible debentures are set to mature on 6 June 2025. The convertible debenture holders have exercised convertible rights in January and February 2024 of Baht 8 million and Baht 6 million, respectively. The Company registered the latest paid-up share capital with the Ministry of Commerce on 20 February 2024.

In addition, the Company has offered and issued a newly convertible debentures No. 25 - 26 pursuant to the convertible debenture agreement in January and February 2024 totaling of Baht 20 million. The convertible debentures will be matured on 5 January 2027. The convertible debenture holders have exercised convertible rights in February 2024 of Baht 5 million, respectively. The Company registered the latest paid-up share capital with the Ministry of Commerce on 13 February 2024.

40.2 On 22 February 2024, the Board of Director's Meeting of the Company considered to find a solution to the shareholders' equity less than 50% of paid-up capital situation and compliance with the regulations of the Stock Exchange of Thailand in the event that the Company's securities will be marked with "C" (Caution) sign. In this regard, the Company will propose solutions to the situation to the meeting in order to provide information to investors and related parties (Public Presentation).

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2024.

SAMART
Digital

บริษัท สามารถ ดิจิทัล จำกัด (มหาชน)
Samart Digital Public Company Limited


กฤษณ์ชัย วิไลลักษณ์


กฤษณ์ชัย วิไลลักษณ์ 78