

AIRA Factoring Public Company Limited
Report and financial statements
31 December 2023

Independent Auditor's Report

To the Shareholders of AIRA Factoring Public Company Limited

Opinion

I have audited the accompanying financial statements of AIRA Factoring Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2023, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Key Audit Matter

Key audit matter is the matter that, in my professional judgement, was of most significance to my audit of the financial statements of the current period. This matter was 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 this matter.

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 this matter. 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 matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

Allowance for expected credit losses on factoring receivables and loan receivables

As described in Note 8 and 9 to the financial statements, as at 31 December 2023, the Company had total factoring and loan receivables (before deducting allowance for expected credit losses) of Baht 2,431 million and allowance for expected credit losses of Baht 164 million (representing 91% of total assets), which are material to the financial statements.

The calculation of the expected credit loss on loan receivables requires the development of a complex calculation model, which involves significant use of management's judgement to be in accordance with the Thai Financial Reporting Standards. The key management's judgements are identification of criteria for assessing that there has been a significant increase in credit risk since initial recognition, probability that the receivables will default, damage that may occur when the debtor defaults on payment, the selection of future economic variables to be incorporated in the model and management overlay for the factors which are not captured by the model. Therefore, I consider this an important matter in the key audit matter.

My audit procedures included the assessment of the appropriateness of calculation models of expected credit losses, randomly testing the accuracy and completeness of data used to develop such models including assessing the appropriateness of assumptions of future forward-looking information and management's judgement for recording management overlay. In addition, I gained an understanding, tested and assessed the effectiveness of internal control systems in relation to credit provision, debt collection and debt settlement processes, which ensured the reliability of the data used for the development of the models.

I tested the classification of receivables according to changes in credit risk and tested the calculation of expected credit losses. I considered the disclosures relating to allowance for expected credit losses on loans to debtors.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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 Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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.

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

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

From the matters communicated with those charged with governance, I determine that matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. I describe this matter 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.

Poonard Paocharoen
Certified Public Accountant (Thailand) No. 5238

EY Office Limited
Bangkok: 21 February 2024

AIRA Factoring Public Company Limited**Statements of financial position****As at 31 December 2023**

(Unit: Baht)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets			
Current assets			
Cash and cash equivalents	7	97,903,325	69,148,621
Factoring receivables	8	1,970,783,038	2,064,534,897
Current portion of loan receivables	9	249,916,218	83,960,159
Short-term loans to related party	6	70,000,000	89,861,617
Other receivables		1,276,316	1,212,165
Other current assets		1,161,851	673,025
Total current assets		<u>2,391,040,748</u>	<u>2,309,390,484</u>
Non-current assets			
Loan receivables - net of current portion	9	45,729,170	40,342,762
Equipment	10	6,203,156	988,944
Right-of-use assets	13	19,459,102	3,343,850
Intangible assets	11	5,071,281	5,395,922
Deposits and guarantees		1,949,991	286,818
Deferred tax assets	18	35,006,959	24,549,468
Total non-current assets		<u>113,419,659</u>	<u>74,907,764</u>
Total assets		<u>2,504,460,407</u>	<u>2,384,298,248</u>

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

AIRA Factoring Public Company Limited
Statements of financial position (continued)
As at 31 December 2023

(Unit: Baht)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	12	1,755,000,000	1,690,000,000
Short-term loans from related party	6	90,000,000	-
Retentions from factoring		48,971,869	61,506,072
Current portion of lease liabilities	13	9,432,861	2,382,402
Dividend payables	22	-	51,200,000
Excess receipts awaiting to repay		23,671,087	22,440,550
Other payables		9,505,613	6,432,795
Income tax payables		5,467,672	6,187,875
Other current liabilities		1,256,046	2,016,432
Total current liabilities		<u>1,943,305,148</u>	<u>1,842,166,126</u>
Non-current liabilities			
Lease liabilities, net of current portion	13	11,703,402	1,027,954
Provision for long-term employee benefits	14	17,009,573	15,480,379
Total non-current liabilities		<u>28,712,975</u>	<u>16,508,333</u>
Total liabilities		<u>1,972,018,123</u>	<u>1,858,674,459</u>

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

AIRA Factoring Public Company Limited
Statements of financial position (continued)
As at 31 December 2023

(Unit: Baht)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Shareholders' equity			
Share capital			
Registered			
1,600,000,000 ordinary shares of Baht 0.25 each		400,000,000	400,000,000
Issued and fully paid-up			
1,600,000,000 ordinary shares of Baht 0.25 each		400,000,000	400,000,000
Share premium		75,844,889	75,844,889
Capital contribution from parent company		406,077	406,077
Retained earnings			
Appropriated-statutory reserve	15	37,370,000	36,970,000
Unappropriated		18,821,318	12,402,823
Total shareholders' equity		532,442,284	525,623,789
Total liabilities and shareholders' equity		2,504,460,407	2,384,298,248
		-	-

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

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Directors
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AIRA Factoring Public Company Limited**Statement of comprehensive income****As at 31 December 2023**

(Unit: Baht)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Revenues			
Interest income from factoring		173,614,605	158,141,816
Fee and service income		50,677,257	47,753,025
Interest income from loans		15,302,474	19,415,300
Other income		1,554,556	1,179,239
Total revenues		<u>241,148,892</u>	<u>226,489,380</u>
Expenses			
Administrative expenses		115,160,405	107,808,117
Expected credit losses		53,105,059	19,347,138
Total expenses		<u>168,265,464</u>	<u>127,155,255</u>
Operating profit		72,883,428	99,334,125
Finance income		21,664	7,407
Finance costs	16	(63,453,231)	(42,566,195)
Profit before income tax expenses		9,451,861	56,775,337
Income tax expenses	18	(2,633,366)	(11,514,621)
Profit for the year		<u>6,818,495</u>	<u>45,260,716</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Gain on remeasurement of defined benefit plans		-	1,009,518
Less: Income tax effect	18	-	(201,904)
Other comprehensive income for the year		<u>-</u>	<u>807,614</u>
Total comprehensive income for the year		<u>6,818,495</u>	<u>46,068,330</u>
Earnings per share	19		
Basic earnings per share		<u>0.0043</u>	<u>0.0283</u>

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

AIRA Factoring Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2023

(Unit: Baht)

	Note	Issued and	Capital		Retained earnings		Total shareholders' equity
		fully paid-up share capital	Share premium	contribution from parent company	Appropriated	Unappropriated	
Balance as at 1 January 2022		400,000,000	75,844,889	406,077	34,700,000	19,804,493	530,755,459
Profit for the year		-	-	-	-	45,260,716	45,260,716
Other comprehensive income for the year		-	-	-	-	807,614	807,614
Total comprehensive income for the year		-	-	-	-	46,068,330	46,068,330
Dividend paid	22	-	-	-	-	(51,200,000)	(51,200,000)
Transfer to statutory reserve	15	-	-	-	2,270,000	(2,270,000)	-
Balance as at 31 December 2022		<u>400,000,000</u>	<u>75,844,889</u>	<u>406,077</u>	<u>36,970,000</u>	<u>12,402,823</u>	<u>525,623,789</u>
Balance as at 1 January 2023		400,000,000	75,844,889	406,077	36,970,000	12,402,823	525,623,789
Profit for the year		-	-	-	-	6,818,495	6,818,495
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	6,818,495	6,818,495
Transfer to statutory reserve	15	-	-	-	400,000	(400,000)	-
Balance as at 31 December 2023		<u>400,000,000</u>	<u>75,844,889</u>	<u>406,077</u>	<u>37,370,000</u>	<u>18,821,318</u>	<u>532,442,284</u>

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

AIRA Factoring Public Company Limited**Cash flow statement****As at 31 December 2023**

	(Unit: Baht)	
	2023	2022
Cash flows from operating activities		
Profit before tax	9,451,861	56,775,337
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	11,363,267	8,580,928
Expected credit losses	53,105,059	19,347,138
Gain on disposal of equipment	(20,410)	(811,997)
Write-off equipment	-	10
Provision for long-term employee benefits	2,678,283	2,432,477
Finance cost	63,453,231	42,566,195
Profit from operating activities before changes in operating assets and liabilities	140,031,291	128,890,088
Operating assets (increase) decrease		
Factoring receivables	46,771,753	(180,518,909)
Loan receivables	(177,188,431)	148,026,175
Short-term loans to related party	20,000,000	(90,000,000)
Other receivables	(481,523)	221,749
Other current assets	(488,826)	327,030
Deposits and guarantees	(1,663,173)	-
Operating liabilities increase (decrease)		
Retentions from factoring	(12,534,203)	10,392,551
Excess receipts awaiting to repay	1,230,537	(12,320,244)
Other payables	2,724,756	1,108,507
Other current liabilities	(760,386)	(972,991)
Cash flows from operating activities	17,641,795	5,153,956
Cash paid for interest	(63,054,570)	(42,375,140)
Cash paid for long-term employee benefits	(1,149,089)	(5,261,882)
Cash paid for corporate income tax	(13,811,060)	(11,661,809)
Net cash flows used in operating activities	(60,372,924)	(54,144,875)

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

AIRA Factoring Public Company Limited**Cash flow statement (continued)****As at 31 December 2023**

	(Unit: Baht)	
	2023	2022
Cash flows from investing activities		
Cash paid for acquisition of equipment	(6,214,189)	(607,308)
Cash paid for acquisition of intangible assets	(1,645,328)	(1,241,253)
Proceeds from disposal of equipment	23,988	812,000
Net cash flows used in investing activities	(7,835,529)	(1,036,561)
Cash flows from financing activities		
Increase in short-term loans from financial institutions	65,000,000	42,000,000
Increase in short-term loans from related party	90,000,000	-
Decrease in long-term loans	-	(12,000,000)
Payment of liabilities under lease agreements	(6,836,843)	(5,655,305)
Dividend paid	(51,200,000)	-
Net cash flows from financing activities	96,963,157	24,344,695
Net increase (decrease) in cash and cash equivalents	28,754,704	(30,836,741)
Cash and cash equivalents at beginning of year	69,148,621	99,985,362
Cash and cash equivalents at end of year	97,903,325	69,148,621
	-	
Non-cash items		
Increase in payable for intangible assets	271,085	-
Increase in payable for equipment	-	196,693
Increase in dividend payables	-	51,200,000
Increase in right-of-use assets from lease liabilities	24,437,759	6,129,502

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

AIRA Factoring Public Company Limited

Notes to interim financial statements

For the year ended 31 December 2023

1. General information

AIRA Factoring Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company was listed on the Market for Alternative Investment (MAI) on 25 August 2004. Its parent company is AIRA Capital Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in receivable factoring. The registered office of the Company is at No. 188, Spring Tower Building, 12Ath floor, Unit 6-10, Phayathai Road, Thung Phaya Thai Sub-District, Ratchathewi District, Bangkok.

2. Basis of preparation

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.

3. New financial reporting standard

3.1 Financial reporting standards that became effective in the current year

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

The adoption of these financial reporting standards does not have any significant impact on the Company’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 Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Interest income from factoring and loan receivables

Interest income from factoring and loan receivable is recognised in the profit or loss using the effective interest rate method, over the period of contracts.

When receivables are subsequently credit-impaired, the Company continues to recognise interest income using the effective interest method, based on the net book value (gross book value net of allowance for expected credit losses) of the receivables. When receivables are not credit-impaired any more, the Company then switches to calculate interest income based on the gross book value.

Fees and services income

Fees and services income are recognised point in time upon completion of the service.

Other income

Other income is recognized in the statement of comprehensive income on an accrual basis.

Finance cost

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

Expenses

Operating expenses are recognized 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 Factoring and loan receivables

Factoring receivables are stated net of allowance for expected credit losses and discount on factoring in advance.

Loan receivables are stated at principal amount net of allowance for expected credit losses.

The allowance for expected credit losses has been disclosed in Note 4.12.

4.4 Equipment/Depreciation

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

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

Computers	3 years
Furniture and fixtures	5 years
Office equipment	3 - 5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on work under installation.

4.5 Intangible assets

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.

Intangible assets with finite useful lives is computer software, which the useful lives is 5 years.

4.6 Leases

At inception of contract, the Company 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 Company as a lessee

The Company 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 Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

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

Buildings	1 - 3 years
Motor vehicles	4 years
Office equipment	1 years

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

4.7 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.

4.8 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.9 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company 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.

4.10 Provisions

Provisions are recognised when the Company 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.

4.11 Income tax

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

Current tax

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

Deferred tax

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

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

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

4.12 Financial instruments

The Company 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, receivables, that do not contain a significant financing component or for which at contract inception the Company expected payment by the customer less than one year and the Company has applied the practical expedient regarding not to adjust the effects of 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 Company’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Company 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.

Classification and measurement of financial liabilities

At initial recognition, the Company’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 Company takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company 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 Company 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 Company expects to receive, discounted at an approximation of the original effective interest rate.

The Company recognises expected credit losses of factoring receivables and loan receivables using the General Approach. The Company determines the changes in credit risk since initial recognition and groups its receivables into 3 stages as follow:

- Stage 1: Receivables where there has not been a significant increase in credit risk (Performing) - The Company recognises allowance for expected credit losses at the amount equal to the expected credit losses in the next 12 months. The Company will use a probability of default that corresponds to remaining maturity for the receivables with a remaining maturity of less than 12 months.
- Stage 2: Receivables where there has been a significant increase in credit risk (Under-Performing) - The Company recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of the receivables.
- Stage 3: Receivables that are credit-impaired (Non-Performing) - The Company recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of the receivables.

The Company considers a significant increase in credit risk to have occurred when contractual payments are more than 60 days (for factoring receivables) or 30 days (for loan receivables) 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 Company 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.

In order to calculate the expected credit loss above. The Company considers its historical loss experience, adjusts this for current observable data and plus on the reasonable and supportable forecasts of future economic conditions, including appropriate use of judgement, to estimate the amount of an expected credit losses. Moreover, expected credit losses include management overlay for the factors which are not captured by the model (if any).

Increase (decrease) in an allowance for expected credit losses is recognised as expenses during the period in profit or loss.

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

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.

4.13 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 Company 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 Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgements and estimates

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

Allowance for expected credit losses of factoring and loan receivables

The management is required to use judgement in determining the allowance for expected credit losses of factoring and loan receivables. The calculation of allowance for expected credit losses of the Company are based on the development of complex expected credit losses model with a series of underlying assumptions, the probability of default, estimated losses arising from the default including the choice of inputs the forecasted macroeconomic variables.

Deferred tax assets

Deferred tax assets are recognized 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 utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

6. Related party transactions

The nature of the relationships between the Company and its related parties are summarised below:

Name of related parties	Relationship
AIRA Capital Public Company Limited	Parent company
AIRA Securities Public Company Limited	Common parent company
AIRA Leasing Public Company Limited	Common parent company
Aspiration One Company Limited	Common parent company
AIRA Property Public Company Limited	Common parent company

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	2023	2022	(Unit: Thousand Baht) Transfer pricing policy
<u>Transactions with parent company</u>			
Interest expenses	1,855	-	3.80 - 4.20% per annum
<u>Transactions with related parties</u>			
Interest income from short-term loans	1,622	82	5.85 - 6.83% per annum
Other income	3	-	Cost plus margin
Rental expenses	6,640	4,680	Market rate
Other expenses	1,152	176	Market rate

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

	(Unit: Thousand Baht)	
	2023	2022
Deposits and guarantees - related party		
Related company (related by common shareholders)	1,727	-
Other payables - related parties		
Parent company	41	-
Related company (related by common shareholders)	29	1,003
Total other payables - related parties	70	1,003
Dividend payables		
Parent company	-	36,632
Lease liabilities - related parties		
Related company (related by common shareholders)	16,083	1,452

Short-term loans to and loans from related parties

As at 31 December 2023 and 2022, the balances of loans to and loans from between the Company and those related parties and the movements are as follows.

		(Unit: Thousand Baht)			
		31 December		31 December	
Loans to	Related by	2022	Increase	Decrease	2023
AIRA Leasing Public Company Limited	Common parent company	90,000	70,000	(90,000)	70,000
Total		90,000	70,000	(90,000)	70,000
Less: Allowance for expected credit losses		(138)	-	138	-
Short-term loans to related party - net		89,862	70,000	(89,862)	70,000

The outstanding balance as at 31 December 2023 of short-term loans to AIRA Leasing Public Company Limited are unsecured loans and are due in February 2024. They carry interest rate at 6.83% per annum (2022: interest rate at 5.85% per annum)

		(Unit: Thousand Baht)		
		31 December		31 December
Loans from	Related by	2022	Increase	2023
AIRA Capital Public Company Limited	Parent company	-	90,000	90,000
Short-term loans from related party		-	90,000	90,000

The outstanding balance as at 31 December 2023 of short-term loans from AIRA Capital Public Company Limited are unsecured loans and are due in January 2024. They carry interest rate at 4.20% per annum.

Directors and management's benefits

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

	(Unit: Thousand Baht)	
	2023	2022
Short-term employee benefits	16,011	17,811
Post-employment benefits	713	650
Total	16,724	18,461

7. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2023 and 2022 were as follows:

	(Unit: Thousand Baht)	
	2023	2022
Cash	20	20
Savings and current deposits at banks	97,883	69,129
Total cash and cash equivalents	97,903	69,149

As at 31 December 2023 and 2022, bank deposits in savings accounts carried interests at rates between 0.35 - 0.50% and 0.05 - 0.25% per annum, respectively.

8. Factoring receivables

Factoring receivables as at 31 December 2023 and 2022 are as follows:

	(Unit: Thousand Baht)	
	2023	2022
Factoring receivables	2,647,779	2,783,357
Accrued interest income from factoring	47,226	27,841
Total	2,695,005	2,811,198
<u>Less:</u> Factoring payables	(582,512)	(651,136)
Unearned interest income	(14,604)	(15,401)
Total	2,097,889	2,144,661
<u>Less:</u> Allowance for expected credit losses	(127,106)	(80,126)
Factoring receivables - net	1,970,783	2,064,535

As at 31 December 2023 and 2022, the balances of factoring receivables were classified by stage of credit risk as follows:

(Unit: Thousand Baht)

	As at 31 December 2023		
	Factoring receivables - net	Allowance for expected credit losses	Net balance
Receivables where there has not been a significant increase in credit risk	1,834,690	9,443	1,825,247
Receivables where there has been a significant increase in credit risk	179,313	41,301	138,012
Receivables that are credit - impaired	83,886	76,362	7,524
Total	2,097,889	127,106	1,970,783

(Unit: Thousand Baht)

	As at 31 December 2022		
	Factoring receivables - net	Allowance for expected credit losses	Net balance
Receivables where there has not been a significant increase in credit risk	2,068,564	12,472	2,056,092
Receivables where there has been a significant increase in credit risk	-	-	-
Receivables that are credit - impaired	76,097	67,654	8,443
Total	2,144,661	80,126	2,064,535

Allowance for expected credit loss of factoring receivables for the year ended 31 December 2023 and 2022 is as follows:

(Unit: Thousand Baht)

	Allowance for expected credit losses			
	Receivables where there has not been a significant increase in credit risk (Stage 1)	Receivables where there has been a significant increase in credit risk (Stage 2)	Receivables that are credit - impaired (Stage 3)	Total
Balance as at 1 January 2023	12,472	-	67,654	80,126
Changes due to transfer of loan classification	(6,846)	6,832	14	-
Changes due to remeasurement of loss allowance	2,937	34,469	3,806	41,212
New financial assets purchased or acquired	880	-	4,888	5,768
Balance as at 31 December 2023	<u>9,443</u>	<u>41,301</u>	<u>76,362</u>	<u>127,106</u>

(Unit: Thousand Baht)

	Allowance for expected credit losses			
	Receivables where there has not been a significant increase in credit risk (Stage 1)	Receivables where there has been a significant increase in credit risk (Stage 2)	Receivables that are credit - impaired (Stage 3)	Total
Balance as at 1 January 2022	4,763	-	62,728	67,491
Changes due to transfer of loan classification	(24)	-	24	-
Changes due to remeasurement of loss allowance	6,974	-	8,877	15,851
New financial assets purchased or acquired	759	-	740	1,499
Written-off	-	-	(4,715)	(4,715)
Balance as at 31 December 2022	<u>12,472</u>	<u>-</u>	<u>67,654</u>	<u>80,126</u>

9. Loan receivables

Loan receivables as at 31 December 2023 and 2022 are as follows:

(Unit: Thousand Baht)

	Current portion of loan receivables		Loan receivables - net of current portion		Total	
	2023	2022	2023	2022	2023	2022
Loan receivables	286,909	115,009	45,858	40,570	332,767	155,579
<u>Less</u> Allowance for expected credit losses	<u>(36,993)</u>	<u>(31,049)</u>	<u>(129)</u>	<u>(227)</u>	<u>(37,122)</u>	<u>(31,276)</u>
Loan receivables - net	<u>249,916</u>	<u>83,960</u>	<u>45,729</u>	<u>40,343</u>	<u>295,645</u>	<u>124,303</u>

As at 31 December 2023 and 31 December 2022, the balances of loan receivables were classified by stage of credit risk as follows:

(Unit: Thousand Baht)

	31 December 2023		
	Loan receivables	Allowance for expected credit losses	Net balance
Receivables where there has not been a significant increase in credit risk	291,125	1,009	290,116
Receivables where there has been a significant increase in credit risk	-	-	-
Receivables that are credit - impaired	41,642	36,113	5,529
Total	<u>332,767</u>	<u>37,122</u>	<u>295,645</u>

(Unit: Thousand Baht)

31 December 2022

	Loan receivables	Allowance for expected credit losses	Net balance
Receivables where there has not been a significant increase in credit risk	113,938	179	113,759
Receivables where there has been a significant increase in credit risk	5,218	203	5,015
Receivables that are credit - impaired	36,423	30,894	5,529
Total	155,579	31,276	124,303

Allowance for expected credit losses of loan receivables for the years ended 31 December 2023 and 2022 is as follows:

(Unit: Thousand Baht)

Allowance for expected credit losses

	Receivables where there has not been a significant increase in credit risk (Stage 1)	Receivables where there has been a significant increase in credit risk (Stage 2)	Receivables that are credit - impaired (Stage 3)	Total
Balance as at 1 January 2023	179	203	30,894	31,276
Changes due to transfer to loan classification	-	(203)	203	-
Changes due to remeasurement of loss allowance	(97)	-	5,016	4,919
New financial assets purchased or acquired	927	-	-	927
Balance as at 31 December 2023	1,009	-	36,113	37,122

(Unit: Thousand Baht)

	Allowance for expected credit losses			Total
	Receivables where there has not been a significant increase in credit risk (Stage 1)	Receivables where there has been a significant increase in credit risk (Stage 2)	Receivables that are credit - impaired (Stage 3)	
Balance as at 1 January 2022	152	-	29,306	29,458
Changes due to transfer to loan classification	(7)	7	-	-
Changes due to remeasurement of loss allowance	(57)	196	1,588	1,727
New financial assets purchased or acquired	91	-	-	91
Balance as at 31 December 2022	<u>179</u>	<u>203</u>	<u>30,894</u>	<u>31,276</u>

10. Equipment

Equipment as at 31 December 2023 and 2022 consist of the following:

	Balance as at 31 December		Transfer between accounts	Balance as at 31 December 2023
	2022	Increase		
Cost				
Computer	7,957	1,093	(964)	8,086
Furniture and fixture	10,360	4,718	(309)	14,966
Office equipment	1,302	206	(15)	1,493
Work under installation	197	-	-	-
Total cost	<u>19,816</u>	<u>6,017</u>	<u>(1,288)</u>	<u>24,545</u>
Accumulated depreciation				
Computer	(7,352)	(441)	960	(6,833)
Furniture and fixture	(10,349)	(263)	309	(10,303)
Office equipment	(1,126)	(96)	16	(1,206)
Total accumulated depreciation	<u>(18,827)</u>	<u>(800)</u>	<u>1,285</u>	<u>(18,342)</u>
Equipment	<u>989</u>			<u>6,203</u>

	(Unit: Thousand Baht)				
	Balance as at 31 December			Transfer between accounts	Balance as at 31 December 2022
	2021	Increase	Decrease		
Cost					
Computer	7,665	511	(219)	-	7,957
Furniture and fixture	10,352	8	-	-	10,360
Office equipment	1,213	89	-	-	1,302
Motor vehicles	3,219	-	(3,219)	-	-
Work under installation	-	197	-	-	197
Total cost	<u>22,449</u>	<u>805</u>	<u>(3,438)</u>	-	<u>19,816</u>
Accumulated depreciation					
Computer	(7,215)	(356)	219	-	(7,352)
Furniture and fixture	(10,284)	(65)	-	-	(10,349)
Office equipment	(1,053)	(73)	-	-	(1,126)
Motor vehicles	(3,218)	-	3,218	-	-
Total accumulated depreciation	<u>(21,770)</u>	<u>(494)</u>	<u>3,437</u>	-	<u>(18,827)</u>
Equipment	<u>679</u>				<u>989</u>
Depreciation for the years ended 31 December					
2023					<u>800</u>
2022					<u>494</u>

As at 31 December 2023, certain equipment items were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 17 million (2022: Baht 18 million).

11. Intangible assets

Intangible assets as at 31 December 2023 and 2022 are as follows

	(Unit: Thousand Baht)			
	Balance as at 31 December		Transfer between accounts	Balance as at 31 December 2023
	2022	Increase		
Cost				
Computer software	14,231	1,916	814	16,961
Intangible assets under installation	1,189	-	(814)	375
Total cost	<u>15,420</u>	<u>1,916</u>	-	<u>17,336</u>
Amortization				
Computer software	(10,024)	(2,241)	-	(12,265)
Total accumulated amortization	<u>(10,024)</u>	<u>(2,241)</u>	-	<u>(12,265)</u>
Intangible assets	<u>5,396</u>			<u>5,071</u>

	(Unit: Thousand Baht)			
	Balance as at 31 December 2021	Increase	Transfer between accounts	Balance as at 31 December 2022
Cost				
Computer software	12,091	-	2,140	14,231
Intangible assets under installation	2,515	814	(2,140)	1,189
Total cost	14,606	814	-	15,420
Amortization				
Computer software	(7,543)	(2,481)	-	(10,024)
Total accumulated amortization	(7,543)	(2,481)	-	(10,024)
Intangible assets	7,063			5,396
Amortization for the years ended 31 December				
2023				2,241
2022				2,481

As at 31 December 2023, certain intangible assets were fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those intangible assets amounted to approximately Baht 2 million (2022: Baht 2 million).

12. Short-term loans from financial institutions

Short-term loans from financial institutions as at 31 December 2023 and 2022 are as follows:

	(Unit: Thousand Baht)			
	Interest rate (% per annum)			
	2023	2022	2023	2022
Promissory notes	3.95 - 4.93	2.45 - 3.48	1,755,000	1,690,000

As at 31 December 2023 and 2022, the Company had credit facilities for short-term loans from financial institutions. Under these credit facilities, the Company has to comply with certain terms and conditions prescribed in the agreements such as not to mortgage, pledge or create of commitment over any fixed assets (Negative pledge) or maintain the financial ratio, etc.

As at 31 December 2023, the credit facilities of the Company which have not yet been drawn down amounting to of Baht 835 million (2022: Baht 1,000 million).

13. Leases

13.1 The Company as a lessee

The Company has lease contracts for various items of assets used in its operations. Leases generally have lease terms between 1 - 4 years.

a) Right-of-use assets

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

	(Unit: Thousand Baht)			
	Buildings	Vehicles	Office equipment	Total
1 January 2022	1,448	1,373	-	2,821
Additions	4,615	1,515	-	6,130
Depreciation for the year	(4,625)	(982)	-	(5,607)
31 December 2022	1,438	1,906	-	3,344
Additions	19,655	4,303	479	24,437
Depreciation for the year	(6,352)	(1,611)	(359)	(8,322)
31 December 2023	14,741	4,598	120	19,459

b) Lease liabilities

	(Unit: Thousand Baht)	
	2023	2022
Lease payments	22,021	3,499
Less: Deferred interest expenses	(885)	(89)
Total	21,136	3,410
Less: Portion due within one year	(9,433)	(2,382)
Lease liabilities - net of current portion	11,703	1,028

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

	(Unit: Thousand Baht)	
	2023	2022
Balance at beginning of year	3,410	2,936
Increase	24,438	6,130
Accretion of interest	596	103
Repayments	(7,308)	(5,759)
Balance at end of year	21,136	3,410

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

(Unit: Thousand Baht)

	<u>2023</u>	<u>2022</u>
Depreciation expense of right-of-use assets	8,322	5,607
Interest expense on lease liabilities	596	103
Expense relating to short-term leases	391	360

d) Others

The Company had total cash outflows for leases for the year ended 31 December 2023 of Baht 7.7 million (2022: Baht 6.1 million), including the cash outflow related to short-term lease and leases of low-value assets.

14. 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)

	<u>2023</u>	<u>2022</u>
Provision for long-term employee benefits at beginning of year	15,480	19,319
Included in profit or loss:		
Current service cost	2,325	2,292
Interest cost	354	140
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	269
Financial assumptions changes	-	(1,198)
Experience adjustments	-	(80)
Benefits paid during the year	(1,149)	(5,262)
Provision for long-term employee benefits at end of year	<u>17,010</u>	<u>15,480</u>

The Company expects to pay Baht 1.7 million of long-term employee benefits during the next year (2022: Baht 5.4 million).

As at 31 December 2023 and 2022, the weighted average duration of the liabilities for long-term employee benefit is 8.35 years.

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	<u>2023</u>	<u>2022</u>
Discount rate	2.95%	2.29%
Salary increase rate	5.5%	5.5%
Staff turnover rate (depending on age)	8% - 27%	8% - 27%

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: Thousand Baht)			
	<u>2023</u>		<u>2022</u>	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(385)	405	(375)	393
Salary increase rate	439	(421)	361	(348)
	<u>Increase 10.0%</u>	<u>Decrease 10.0%</u>	<u>Increase 10.0%</u>	<u>Decrease 10.0%</u>
Staff turnover rate	(300)	324	(245)	264

15. Statutory reserve

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

16. Finance cost

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Interest expenses on borrowings	62,857	42,463
Interest expenses on lease liabilities	596	103
Total	<u>63,453</u>	<u>42,566</u>

17. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	2023	2022
Salaries, wages and other employee benefits	70,261	73,480
Depreciation and amortisation	11,363	8,581
Expected credit losses	53,105	19,347
Specific business tax expenses	7,853	7,433
Examination fees on factoring documents	2,310	2,289

18. Income tax

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

	(Unit: Thousand Baht)	
	2023	2022
Current income tax:		
Current income tax charge	13,090	13,549
Deferred tax:		
Relating to origination and reversal of temporary differences	(10,457)	(2,034)
Income tax expense reported in profit or loss	<u>2,633</u>	<u>11,515</u>

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

	(Unit: Thousand Baht)	
	2023	2022
Deferred tax on actuarial gains and losses	-	(202)
	<u>-</u>	<u>(202)</u>

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

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Accounting profit before tax	<u>9,452</u>	<u>56,775</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	1,890	11,355
Unrecognised temporary differences	791	316
Effects of:		
Non-deductible expenses	28	106
Additional expense deductions allowed	(76)	(262)
Total	<u>(48)</u>	<u>(156)</u>
Income tax expense reported in profit or loss	<u>2,633</u>	<u>11,515</u>

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Deferred tax assets		
Allowance for expected credit losses	31,270	21,440
Provision for long-term employee benefits	3,402	3,096
Lease liabilities	335	13
Total	<u>35,007</u>	<u>24,549</u>

As at 31 December 2023 and 2022, the Company has deductible temporary differences totaling Baht 10.5 million and 6.5 million, respectively on which deferred tax assets have not been recognised as the Company believes that it is unlikely that the tax benefits can be utilized.

19. Earnings per share

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

20. Segment information

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

The one main reportable operating segment of the Company is the factoring business and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Major customers

For the year ended 31 December 2023 and 2022, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

21. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company contributes to the fund monthly at the rate of 5% - 10% of basic salary and employees contribute to the fund monthly at the rate of 5% - 15% of basic salary. The fund, which is managed by SCB Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules.

For the years ended 31 December 2023 and 2022, the Company's contributions included in administrative expenses in the statements of comprehensive income amounting to Baht 1.8 million and Baht 2.1 million, respectively.

22. Dividends

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Interim dividend No. 1 for the net profit of the operation results during 1 January 2022 to 30 September 2022 and the retained earnings	Meeting of the Company's Board of Directors on 15 December 2022	51,200*	0.0320
Total for 2022		<u>51,200</u>	<u>0.0320</u>

* The interim dividend No. 1 for 2022 is to be paid to the Company's shareholders on 13 January 2023. As at 31 December 2022, the Company separately presented this transactions as "Dividend payables" in the statement of financial position.

23. Commitments and contingent liabilities

23.1 Capital commitments

As at 31 December 2023, the Company had capital commitments of approximately Baht 2.1 million (31 December 2022: Baht 4.3 million), relating to the office building improvements and software computer improvements.

23.2 Service commitments

As at 31 December 2023 and 31 December 2022, the Company has future minimum lease payments required under service agreements as follows:

	(Unit: Million Baht)	
	2023	2022
Within 1 year	2	2
Over 1 and up to 5 years	-	1

24. Financial Instruments

Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, factoring receivables, loan receivables, short-term loans to related party, other receivables, short-term loans from financial institutions, retentions from factoring, lease liabilities, excess receipts awaiting to repay and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to factoring receivables, loans receivable, short-term loans to related party and other receivables and cash at bank.

The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

The Company prepared expected credit losses model under TFRS 9 that requires the Company to determine impairment of the Company's financial assets. The Company reconsiders expected credit losses model including management overlay by periodically reviews to ascertain appropriateness of the model.

Factoring receivables and loans receivables

The Company managed the risk by adopting appropriate credit control policies and procedures whereby the Company analyses credit details of customers and follows up customers with overdue accounts in accordance with credit control practices, and considers the amount of retentions from factoring, and other obligation assets as collateral for each customer. Therefore, the Company does not expect to incur material financial loss. In addition, the Company does not have high concentrations of credit risk since it has a large customer base.

Cash deposits

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Risk on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Interest rate risk

The Company's exposure to interest rate risk relate primarily to cash at banks, factoring receivables, loans receivables, short-term loans to related party and short-term loans from financial institutions. The Company mitigates this risk by matching the sources of borrowings with factoring receivables to ensure that the Company maintains an accumulated average spread of interest under the Company's policy. Moreover, the Company analyses the term of interest rate movement of factoring receivables, borrowings and the Company adjusts the interest rate charge to receivables when the interest rate changes. Thus, the Company is flexible in its response to interest rate fluctuations. In addition, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

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

(Unit: Million Baht)

	As at 31 December 2023						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	bearing 5 years				
							(% per annum)
Financial assets							
Cash and cash equivalents	-	-	-	5	93	98	0.32 - 0.50
Factoring receivables	1,971	-	-	-	-	1,971	6.55 - 14.50
Loan receivables	250	46	-	-	-	296	4.50 - 11.30
Short-term loans to related party	70	-	-	-	-	70	6.83
Other receivables	-	-	-	-	1	1	-
	<u>2,291</u>	<u>46</u>	<u>-</u>	<u>5</u>	<u>94</u>	<u>2,436</u>	

(Unit: Million Baht)

As at 31 December 2023

	Fixed interest rates			Floating interest rate	Non- interest rate bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	bearing 5 years				
	Financial liabilities						
Short-term loans from financial institutions	1,755	-	-	-	-	1,755	3.95 - 4.93
Short term loans from related party	90	-	-	-	-	90	4.20
Retentions from factoring	-	-	-	-	49	49	-
Lease liabilities	9	12	-	-	-	21	2.70 - 3.67
Excess receipts awaiting to repay	-	-	-	-	24	24	-
Other payables	-	-	-	-	10	10	-
	<u>1,854</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>83</u>	<u>1,949</u>	

(Unit: Million Baht)

As at 31 December 2022

	Fixed interest rates			Floating interest rate	Non- interest rate bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	bearing 5 years				
	Financial assets						
Cash and cash equivalents	-	-	-	4	65	69	0.05 - 0.25
Factoring receivables	2,065	-	-	-	-	2,065	5.50 - 14.50
Loan receivables	84	40	-	-	-	124	4.50 - 12.00
Short-term loans to related party	90	-	-	-	-	90	5.85
Other receivables	-	-	-	-	1	1	-
	<u>2,239</u>	<u>40</u>	<u>-</u>	<u>4</u>	<u>66</u>	<u>2,349</u>	
Financial liabilities							
Short-term loans from financial institutions	1,690	-	-	-	-	1,690	2.45 - 3.48
Retentions from factoring	-	-	-	-	62	62	-
Lease liabilities	2	1	-	-	-	3	2.70 - 5.99
Dividend payables	-	-	-	-	51	51	-
Excess receipts awaiting to repay	-	-	-	-	22	22	-
Other payables	-	-	-	-	6	6	-
	<u>1,692</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>141</u>	<u>1,834</u>	

Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the Company incurring a financial loss.

The Company has established a liquidity management policy, to ensure that the Company has sufficient liquidity to meet debt and other obligations when due in normal circumstances, and has the liquidity contingency plans in place to handle crisis situations, as well as to ensure that management of liquidity strikes an appropriate balance between costs and benefits.

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

(Unit: Million Baht)

	As at 31 December 2023			
	At call	Within 1 year	1 - 5 years	Total
Financial liabilities				
Short-term loans from financial institutions	-	1,755	-	1,755
Short-term loans from related party	-	90	-	90
Retentions from factoring	49	-	-	49
Lease liabilities	-	10	12	22
Excess receipts awaiting to repay	-	24	-	24
Other payables	-	10	-	10
Total financial liabilities	49	1,889	12	1,950

(Unit: Million Baht)

	As at 31 December 2022			
	At call	Within 1 year	1 - 5 years	Total
Financial liabilities				
Short-term loans from financial institutions	-	1,690	-	1,690
Retentions from factoring	62	-	-	62
Lease liabilities	-	2	1	3
Dividend payables	-	51	-	51
Excess receipts a waiting to repay	-	22	-	22
Other payables	-	6	-	6
Total financial liabilities	62	1,771	1	1,834

Foreign currency risk

The Company is not exposed to foreign currency risk because no trading transactions are denominated in foreign currency.

Fair value of financial instruments

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

25. 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 and 2022, the Company's debt-to-equity ratios are 3.70 and 3.54, respectively.

26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2024.