

SG Capital Public Company Limited

Financial statements for the year ended
31 December 2023
and
Independent Auditor's Report



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Independent Auditor's Report

To the shareholders of SG Capital Public Company Limited

Opinion

I have audited the financial statements of SG Capital Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Thai Financial Reporting Standard (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). 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 *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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.



Valuation of hire-purchase contract receivables and loan receivable	
Refer to Note 3, 7 and 8	
The key audit matter	How the matter was addressed in the audit
<p>The core businesses of the Company are hire-purchase and lending consist of a great number of wholesale and retail accounts with small receivable value. The gross amount of hire-purchase contract receivables and loan receivable as at 31 December 2023 amount to Baht 14,501 million and allowance for expected credit losses (“ECL”) amount to Baht 2,341 million and the net amount of Baht 12,160 million was approximately 90.4% of the Company’s total assets.</p> <p>Management has estimated the allowance for expected credit losses based on credit models which are complex and dependent on significant management judgments and estimates including establishment of the criteria for determining whether credit risk has increased significantly since initial recognition, development of models used to measure ECL, determination of the forward-looking macroeconomic variables and probability-weighted scenarios into the measurement of ECL. In particular, the ongoing economic situation adds further complexity to management’s estimation process.</p> <p>Due to materiality of transactions and involving significant management judgment, I consider this to be key audit matter.</p>	<p>My audit procedures included the followings:</p> <ul style="list-style-type: none"> • Understanding the credit approval, collection and monitoring processes including the policies and procedures in consideration of allowance for expected credit losses. • Considering the Company’s accounting policies to determine whether these have been set up in accordance with the requirements of TFRS 9 <i>Financial Instruments</i>. • Evaluating the design and implementation and testing the operating effectiveness of key internal controls surrounding the credit approval and allowances for expected credit losses process. • Assessing and testing the reasonableness of staging applied by the Company for different types of credit exposures including sampling testing with relevant documents. • Involving KPMG’s credit specialists to inspect model documentation, assess key data, assumptions, method, models including mathematical theory including evaluating the reasonableness of the economic factors used by management in the models to adjust losses rate based on current economic conditions and forward-looking information by comparing them to relevant market information to derive expected credit losses model parameters on customers portfolios. • Testing the mathematic calculation of the expected credit losses of hire-purchase contract receivables and loan receivable. • Considering the adequacy of the Company’s disclosures in accordance with the relevant Thai Financial Reporting Standards.



Other Information

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

My opinion on financial statements does not cover the other information and I will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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 TFRS, 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 TSAs 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 TSAs, I exercise professional judgment 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, actions taken to eliminate threats or safeguards applied.

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.

(Chokechai Ngamwutikul)
Certified Public Accountant
Registration No. 9728

KPMG Phoomchai Audit Ltd.
Bangkok
12 February 2024

SG Capital Public Company Limited

Statement of financial position

Assets	Note	31 December	
		2023	2022
		<i>(in Baht)</i>	
Current assets			
Cash and cash equivalents	6	153,998,119	3,106,144,072
Current portion of hire-purchase contract receivables	7	855,864,484	3,438,456,427
Current portion of loan receivables	8	2,263,274,663	2,006,260,095
Other receivables	5, 9	212,463,783	67,316,191
Accrued income	5	7,516,723	11,667,682
Asset foreclosed	10	181,740,360	39,051,937
Other current assets		-	78,953
Total current assets		3,674,858,132	8,668,975,357
Non-current assets			
Hire-purchase contract receivables	7	715,579,981	1,918,404,852
Loan receivables	8	8,325,438,185	7,030,473,098
Leasehold improvement and equipment		21,969,749	21,472,369
Right-of-use assets	11	26,044,489	18,937,065
Intangible assets		13,565,558	6,273,606
Deferred tax assets	20	674,971,747	116,913,442
Other non-current assets		2,442,956	1,915,120
Total non-current assets		9,780,012,665	9,114,389,552
Total assets		13,454,870,797	17,783,364,909

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

SG Capital Public Company Limited

Statement of financial position

Liabilities and equity	Note	31 December	
		2023	2022
		(in Baht)	
Current liabilities			
Short-term loan from financial institution	13	-	55,000,000
Trade accounts payable	5, 26	75,188,263	473,237,230
Other payables	5, 12, 26	127,495,157	177,201,339
Current portion of long-term loan from parent company	13	2,353,829,494	-
Current portion of long-term loan from financial institution	13	-	10,475,584
Current portion of lease liabilities	5, 13	14,207,355	9,018,285
Corporate income tax payable		-	92,396,748
Total current liabilities		2,570,720,269	817,329,186
Non-current liabilities			
Long-term loans from parent company	5, 13	7,718,843,038	11,172,672,533
Long-term loan from financial institution	13	-	3,918,566
Lease liabilities	5, 13	12,308,228	11,767,927
Provisions for employee benefits	14	17,946,102	24,141,654
Employee security deposits		13,609,635	2,138,721
Total non-current liabilities		7,762,707,003	11,214,639,401
Total liabilities		10,333,427,272	12,031,968,587
Equity			
Share capital	15		
Authorised share capital		3,270,000,000	3,270,000,000
Issued and paid-up share capital		3,270,000,000	3,270,000,000
Share premium:			
Share premium on ordinary shares		2,292,002,706	2,292,002,706
Difference arising from business combination under common control	17	(974,117,594)	(974,117,594)
Retained earnings (Deficit):			
Appropriated:			
Legal reserve	16	209,379,885	209,379,885
Unappropriated (Deficit)		(1,675,821,472)	954,131,325
Total equity		3,121,443,525	5,751,396,322
Total liabilities and equity		13,454,870,797	17,783,364,909

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

SG Capital Public Company Limited

Statement of comprehensive income

		Year ended 31 December	
	Note	2023	2022
		(in Baht)	
<i>Income</i>			
Interest income from hire-purchase contract and loans	5	2,089,380,173	2,399,077,460
Other income	5	80,108,933	39,679,667
Total income		2,169,489,106	2,438,757,127
<i>Expenses</i>			
Service and administrative expenses	5, 19	640,538,370	641,602,454
Total expenses		640,538,370	641,602,454
Profit from operating activities		1,528,950,736	1,797,154,673
Finance costs	5	(592,721,805)	(600,215,109)
Expected credit loss	23	(3,770,817,519)	(395,211,096)
(Loss) profit before income tax expense		(2,834,588,588)	801,728,468
Tax income (expense)	20	559,312,373	(134,486,528)
(Loss) profit for the year		(2,275,276,215)	667,241,940
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain (loss) on remeasurements of defined benefit plans	14	6,270,341	(1,044,249)
Income tax relating to items that will not be reclassified subsequently to profit or loss	20	(1,254,068)	208,850
Total items that will not be reclassified to profit or loss		5,016,273	(835,399)
Other comprehensive income (expense) for the year, net of tax		5,016,273	(835,399)
Total comprehensive income (expense) for the year		(2,270,259,942)	666,406,541
Basic earning (loss) per share	21	(0.70)	0.27

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

SG Capital Public Company Limited
Statement of changes in equity

Year ended 31 December 2022								
Balance at 1 January 2022								
Transactions with owner, recorded directly in equity		2,450,000,000	-	(974,117,594)	176,017,788	762,086,881	2,413,987,075	
Contributions by and distributions to owners								
Issue of ordinary shares	15	820,000,000	2,292,002,706	-	-	-	3,112,002,706	
Dividends	22	-	-	-	-	(441,000,000)	(441,000,000)	
Total transactions with owner, recorded directly in equity		820,000,000	2,292,002,706	-	-	(441,000,000)	2,671,002,706	
Comprehensive income for the year								
Profit		-	-	-	-	667,241,940	667,241,940	
Other comprehensive income		-	-	-	-	(835,399)	(835,399)	
Total comprehensive income for the year		-	-	-	-	666,406,541	666,406,541	
Transfer to legal reserve								
	16	-	-	-	33,362,097	(33,362,097)	-	
Balance at 31 December 2022		3,270,000,000	2,292,002,706	(974,117,594)	209,379,885	954,131,325	5,751,396,322	

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

SG Capital Public Company Limited

Statement of changes in equity

		Retained earnings (Deficit)					
		Difference arising from business combination under common control				Unappropriated	Total equity
		(in Baht)					
	Note	Issued and paid-up share capital	Share premium		Legal reserve		
Year ended 31 December 2023							
Balance at 1 January 2023		3,270,000,000	2,292,002,706	(974,117,594)	209,379,885	954,131,325	5,751,396,322
Transaction with owner, recorded directly in equity							
Contributions by owners of the parent							
Dividends	22	-	-	-	-	(359,692,855)	(359,692,855)
Total transaction with owner, recorded directly in equity		-	-	-	-	(359,692,855)	(359,692,855)
Comprehensive income (expense) for the year							
Profit (loss)		-	-	-	-	(2,275,276,215)	(2,275,276,215)
Other comprehensive income		-	-	-	-	5,016,273	5,016,273
Total comprehensive income (expense) for the year		-	-	-	-	(2,270,259,942)	(2,270,259,942)
Transfer to legal reserve		-	-	-	-	-	-
Balance at 31 December 2023		3,270,000,000	2,292,002,706	(974,117,594)	209,379,885	(1,675,821,472)	3,121,443,525

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

SG Capital Public Company Limited

Statement of cash flows

	31 December	
	2023	2022
	(in Baht)	
<i>Cash flows from operating activities</i>		
(Loss) profit for the year	(2,275,276,215)	667,241,940
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>		
Tax (income) expense	(559,312,373)	134,486,528
Interest income from hire-purchase contract and loans	(2,089,380,173)	(2,399,077,460)
Finance costs	592,721,805	600,215,109
Depreciation	25,217,603	19,830,959
Amortisation	963,548	593,259
Expected credit loss	3,770,817,519	395,211,096
Loss from impairment of asset foreclosed	22,649,043	6,866,208
Provision for employee benefit	5,374,539	4,014,104
(Gain) loss on written-off equipment and intangible asset	(6,074)	1,175,646
Other interest income	(7,717,287)	(230,110)
	(513,948,065)	(569,672,721)
<i>Changes in operating assets and liabilities</i>		
Hire-purchase contract receivables	524,672,163	(547,410,354)
Loan receivables	(1,990,128,648)	(3,563,416,332)
Other receivables	(146,530,052)	149,011,025
Accrued income	4,150,959	13,899,936
Assets foreclosed	(165,337,466)	(45,918,145)
Other current assets	78,953	(65,176)
Other non-current assets	(527,836)	(451,620)
Trade accounts payable	(398,048,967)	(706,390,965)
Deferred interest subsidies	(10,815,616)	(83,239,453)
Other payables	(38,883,366)	(3,003,138)
Employee security deposits	11,470,914	941,831
Employee benefit paid	(5,299,750)	(60,000)
Net cash used in operations	(2,729,146,777)	(5,355,775,112)
Interest received hire-purchase contract and loans	2,018,555,555	2,379,527,699
Tax paid	(92,113,545)	(104,917,915)
Net cash used in operating activities	(802,704,767)	(3,081,165,328)

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

SG Capital Public Company Limited

Statement of cash flows

	31 December	
	2023	2022
	<i>(in Baht)</i>	
<i>Cash flows from investing activities</i>		
Other interest received	7,717,287	230,110
Proceeds from sale investment	6,075	-
Acquisition of leasehold improvement and equipment	(8,983,866)	(14,082,097)
Acquisition of intangible assets	(8,255,500)	(2,147,800)
Net cash used in investing activities	(9,516,004)	(15,999,787)
<i>Cash flows from financing activities</i>		
Proceeds from issued of shares - net	-	3,112,002,706
Dividends paid to owners of the Company	(359,692,855)	(441,000,000)
Finance cost paid	(591,160,492)	(598,930,542)
Proceeds from short-term borrowings from financial institutions	-	55,000,000
Repayment of borrowings from financial institutions	(69,394,150)	(9,935,887)
Proceeds from borrowings from related parties	-	7,718,843,039
Repayment of borrowings from related parties	(1,100,000,000)	(4,009,260,686)
Payment of lease liabilities	(19,677,685)	(14,776,141)
Net cash (used in) from financing activities	(2,139,925,182)	5,811,942,489
Net (decrease) increase in cash and cash equivalents	(2,952,145,953)	2,714,777,374
Cash and cash equivalents at 1 January	3,106,144,072	391,366,698
Cash and cash equivalents at 31 December	153,998,119	3,106,144,072

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

SG Capital Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

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SG Capital Public Company Limited

Notes to the financial statements

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 12 February 2024.

1 General information

SG Capital Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in December 2022. The Company’s registered office at 72 NT Bangrak Building 20th Floor, Charoenkrung Road, Bangrak, Bangkok.

The parent company during the financial year was Singer Thailand Public Company Limited (74.92% shareholding) shareholding incorporated in Thailand.

The principal activities of the Company are sales by hire purchase contracts of electrical appliances, commercial product, mobile phones and vehicles, and loan receivables and others.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The financial statements are presented in Thai Baht, which is the Company’s functional currency. The accounting policies are described in note 3, have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of the Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions that are described in each note are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3 Significant accounting policies

(a) Financial instruments

(1) Classification and measurement

A financial asset and financial liability (except for other receivables, see note 3 (d)) are initially recognised when the Company becomes a party to the contractual provisions of the instrument and measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comprehensive income (FVOCI); or fair value to profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

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Notes to the financial statements

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Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and any gain or loss on derecognition are recognised in profit or loss.

(2) *Derecognition and offset*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(3) *Impairment of financial assets other than other receivables*

The Company recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI.

Recognition of expected credit loss

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for hire-purchase contract receivables and loan receivables, the Company recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

SG Capital Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

Expected credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward looking information.

The estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

Forward-looking macroeconomic assumptions are incorporated into the PD, LGD and EAD where relevant and where they have been identified to influence credit risk, such as GDP, unemployment rate and Consumer Price Index. These assumptions are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally and are consistent with those used for financial and capital planning.

Multiple forward-looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios both in terms of determining the PD, LGD and EAD, where relevant, and in determining the overall expected credit loss amounts.

The estimate of expected cash shortfalls on a collateralised financial instrument should consider the amount and timing of cash flows that are expected from confiscation on the collateral less the costs of obtaining and selling the collateral without considering the possibility of the confiscation.

The estimate of expected cash shortfalls are discounted using the initial effective interest rate on the financial asset.

Expected Credit Loss Recognition - Staging

Stage 1 Financial asset without a significant increase in credit risk (Performing)

Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit-impaired. If a financial assets is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.

Stage 2 Financial asset with a significant increase in credit risk (Under-performing)

If a financial asset experiences a significant increase in credit risk (SICR) since initial recognition, an allowance for expected credit loss is recognised for default events that may occur over the lifetime of the asset. SICR is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination, the significance of which being determined by using a number of quantitative and qualitative factors as

- financial assets that are 30 or more days past due, or
- financial assets that have more than 3 times of 30 or more days past due during the past 12 months.

Stage 3 Financial assets that are credit impaired (Non-performing)

Financial assets that are credit impaired or in default represent those that are at over 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit impaired where the customers are unlikely to pay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial asset.

SG Capital Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

Evidence that a financial asset is credit impaired includes observable data about the following events:

- Significant financial difficulty of the borrower;
- Breach of contract such as default or a past due event;
- Pending or actual bankruptcy or other financial reorganisation to avoid of the borrower's obligations; or
- Purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

Impairment provisions against credit impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate, representing the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment.

Modified financial instruments

Where the original contractual terms of a financial asset have been modified for credit risk reasons and the instrument has not been derecognised, the resulting modification loss is recognised within credit impairment in the income statement with a corresponding decrease in the gross carrying value of the asset.

When a receivable has a significant increase in credit risk, the Company considers to write-off the receivable by comparing the cash flows from net realisable value of reverted inventory with gross carrying amount of the receivable excluded allowance for expected credit losses in profit or loss.

Expected credit losses for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk. These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification.

Improvement in credit risk

A period may elapse from the point at which financial instruments enter stage 2 or stage 3 and are reclassified back to stage 1. For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the financial instruments will automatically transfer back to stage 1 when the original PD based transfer criteria are no longer met. Where financial instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the financial instruments can be reclassified to stage 1. This includes instances requiring the action to be resolved before loans are reclassified to stage 1.

The Company considers a financial asset to have low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'.

Write-off and reverse expected credit loss

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

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If the amount of the credit impairment loss decreases and the decrease can be related objectively to an event occurring after the credit impairment was recognised, such as an improvement in the debtor's credit rating, the previously recognised credit impairment loss is reversed by adjusting the provision account. The amount of the reversal is recognised in profit or loss.

(4) Write offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash deposits and highly liquid short-term investments which have maturities of three months or less from the date of acquisition.

(c) Hire-purchase contract and loan receivables

Hire purchase receivables are stated at the contract value net of unearned hire purchase, which is presented after net of initial direct income and costs at the inception of the contracts.

Loan receivables are stated at the principal amount and accrued interest receivables, which is presented after net of initial direct income and costs at the inception of the contracts.

The Company considers expected credit losses of hire-purchase contract and loans receivables as disclosed in note 3 (a(3)).

(d) Other receivables

Other receivable is recognised when the Company has an unconditional right to receive consideration. An other receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Company estimates lifetime expected credit losses (ECLs), using a provision matrix to find the ECLs rates. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

(e) Assets foreclosed

Assets foreclosed consisting of vehicles, electric appliances and others are stated at the lower of cost and net realisable value less estimated disposal expenses of the assets foreclosed less loss on decline in value.

Any gains and losses on disposal of assets foreclosed are determined by comparing the proceeds from disposal with the carrying amount of assets foreclosed and are recognised in profit or loss.

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(f) *Leasehold improvement and equipment*

Leasehold improvement and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes capitalised borrowing costs and, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Differences between the proceeds from disposal and the carrying amount of leasehold improvement and equipment are recognised in profit or loss.

The cost of replacing a part of an item of leasehold improvement and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of leasehold improvement and equipment are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on land and assets under construction and installation.

The estimated useful lives are as follows:

Leasehold improvement	3 - 10 years
Office equipment	3 - 5 years

(g) *Intangible assets*

Software licenses that have finite useful lives are measured at cost less impairment losses. Subsequent expenditure is capitalised only when it will generate future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognized in profit or loss.

The estimated useful life is as follow:

Software licenses	5 - 10 years
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(h) *Leases*

At inception of a contract, the Company assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. For the leases of property, the Company accounted for the lease and non-lease components wholly as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which are recognised as expense on a straight-line basis over the respective lease terms.

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Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. The company considers the impairment of intangible assets, as disclosed in note 3 (i).

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Company uses the Company's incremental borrowing rate to discount the lease payments to the present value. The Company determines its incremental borrowing rate by obtaining interest rates from external financing sources to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification, or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

At inception or on modification of a contract, the Company allocates the consideration in the contract to each component on the basis of their relative standalone selling prices.

At lease inception, the Company considers to classify a lease that transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to lessees as a finance lease. A lease that does not meet this criteria is classified as an operating lease.

The Company recognises rental income received under hire-purchase contract in profit or loss over the lease term and present as part of interest received from hire-purchase contract. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

The Company derecognises and determines impairment on the hire-purchase receivables (see note 3 (a(3))). The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

(i) Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment losses of assets recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Employee benefits

Defined contribution plan

Obligations for contributions to the Company's provident funds are expensed as the related service is provided.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefit are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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(l) 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 market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value adjusted for the difference between the fair value on initial recognition and the transaction price and the difference is recognised in profit or loss immediately. However, for the fair value categorised as level 3, such difference is deferred and will be recognised in profit or loss on an appropriate basis over the life of the instrument or until the fair value level is transferred or the transaction is closed out.

(m) Revenue from contracts with customers

Interest income from hire-purchase contract and loans

Interest income from hire purchase and loan receivables are recognised in profit or loss using the effective interest rate method. In calculating based on the gross carrying amounts of the hire purchase and loan receivables.

When the hire purchase and loan receivables subsequently become credit-impaired, interest income is calculated by using the effective interest rate method on the net carrying amount (gross book value net of an allowance for expected credit losses) of the receivables.

Initial direct income and costs at the inception of hire purchase and loan arrangement are to be deferred and amortised using the effective interest rate method, with amortisation deducted from interest income from hire purchase and loan receivables throughout the contract period to reflect the effective rate of return on the contracts.

Commission revenue

For the contracts that the Company is arranging for the provision of the services on behalf of its customers and does not control the services before the primary service providers will provide the services to the customers. The Company acts in the capacity of an agent and recognises the net amount of consideration as commission revenue when provide services.

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(n) *Income tax*

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the financial statements.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) *Earnings per share*

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4 **COVID-19 relief measures**

Due to uncertainty of the situation since 2020, the Bank of Thailand (“BoT”) provided measures, which are intended to support the financial institutions and finance businesses to help the affected debtors. Additional measures continue to be provided.

In 2022 and 2023, the Company applied the accounting guideline no. 37/2564 dated 3 December 2021, “Guideline regarding the provision of financial assistance to the debtors affected by the Covid-19”. This guideline is applied to the affected debtors during 1 January 2022 to 31 December 2023 or as further updated by BoT. For debt restructuring under the specified criteria from 1 January 2021 to 31 December 2021, the entity can apply the relevant staging and provisioning guideline under this accounting guideline to the debtors from 1 January 2022 to 31 December 2023. The guideline of staging and provisioning depends on debt restructuring method which can be categorised into 2 groups below. The accounting guideline is in line with the BoT Circular no. BoT. For Nor Sor. 2 Wor. 802/2564 dated 3 September 2021, “Guidelines regarding the provision of financial assistance to the debtors affected by the Covid-19 (sustainable debt resolution)”.

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Notes to the financial statements

For the year ended 31 December 2023

Debt restructuring method

1. Debt restructuring which aims to reduce the repayment burden other than term extension.

Guideline of staging and provisioning

1. Non-NPL modified loans can be classified as stage 1 performing immediately once they are identified as being likely to repay.
 2. NPL modified loans can be classified as stage 1 performing only if they can repay 3 consecutive months or 3 consecutive dues, whichever is longer.
 3. Significant increase in credit risk consideration (Under-performing or Stage 2) consider from overdue for principle or interest payments more than 30 days or 1 month from the due date.
 4. Revision of effective interest rate (EIR) at the date of modification.
2. Debt restructuring by term extension only Apply in accordance with the relevant financial reporting standard.

During 2023, the management closely monitored the collection from customers which were in Covid-19 relief program and identified a significant portion of customers which are unable to meet payments under the revised collection schedule. Accordingly, the Company has written off bad debts and significantly increased the estimated allowance for expected credit loss in the second quarter of 2023.

As at 31 December 2023, total outstanding modified receivables from existing Covid-19 relief program which is was approximately 2.75% of the total hire-purchase contract receivables and loan receivables.

The temporary accounting relief measures have been expired at 31 December 2023. From 1 January 2024, the receivables and loan's staging and provisioning of all modifications will be classified as per requirement of relevant financial reporting standards. The Company has assessed the changes with no material impact to the financial statements.

5 Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Company; a person or entity that is under common control or under the same significant influence as the Company; or a person or entity over which the Company has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making. The pricing policies for transactions with related parties are determined on an arm's length basis or contractual price.

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Relationship with parent is described in note 1. Other related parties which the Company had significant transactions with during the year were as follows:

Name of entities	Country of incorporation	Nature of relationships
SG Service Plus Co., Ltd.	Thailand	Sister company of the parent company
SG Broker Co., Ltd.	Thailand	Sister company of the parent company
Jaymart Group Holdings Company Limited	Thailand	Major shareholder of the parent company
Rabbit Holdings Public Company Limited	Thailand	Major shareholder of the parent company
The Group of Jaymart Group Holdings Company Limited	Thailand	Common director
The Group of Rabbit Holdings Public Company Limited	Thailand	Common director
Key management personnel		Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Significant transactions with related parties

Year ended 31 December

	2023 (in thousand Baht)	2022
Parent		
Sale of assets foreclosed	-	1,169,373
Sale of revert goods	-	15,023
Other income	6,531	-
Purchase of goods*	398,339	2,544,892
Debt collecting fee	10,298	35,954
Management fee	12,000	12,000
Commission expense	-	1,200
Other expense	3,568	1,277
Interest expenses	591,007	597,496
Other related parties		
Commission income	19,578	19,264
Revenue from sales of rights in receivable	110,310	15,767
Purchase of goods*	29,780	237,103
Debt collecting fee	18,326	2,346
Commission expense	-	3,180
Other expenses	7,209	531
Purchase of Intangible assets	2,110	-
Key management personnel		
Key management personnel compensation		
Short-term benefit	35,249	31,632
Post-employment benefits	1,428	2,713
Total	36,677	34,345

* Purchased goods from related parties for hire-purchased receivables

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Balances with related parties
At 31 December

	Note	2023 (in thousand Baht)	2022
<i>Other receivables</i>	9		
Parent		7,974	-
Other related parties		61,951	10,929
Total		69,925	10,929
<i>Accrued income</i>			
Parent		1,634	-
Other related parties		5,883	11,668
Total		7,517	11,668
<i>Trade accounts payable</i>			
Parent		69,705	460,837
Other related parties		4,671	7,850
Total		74,376	468,687
<i>Other payables</i>	12		
Parent		8,544	18,080
Other related parties		1,438	384
Total		9,982	18,464
<i>Lease liabilities</i>			
Parent		-	1,897
Total		-	1,897

		At 1 January 2023	Increase	Decrease	At 31 December 2023
	Interest rate (% per annum)		(in thousand Baht)		
<i>Loans from</i>					
Parent	5.25 - 6.06	11,172,673	-	(1,100,000)	10,072,673

Significant agreements with related parties

Interest subsidy agreement

The Company entered into an interest subsidy agreement with the parent company. This agreement is effective for a year, and will be automatically renewed a year unless either party gives to the other party a written notice to terminate the agreements. Fees and conditions are specified in the agreements. The Company recorded deferred interest subsidy income as other payables when received and recognised over the period of related hire-purchase contracts with customers as interest income for the year 2023 amounting to Baht 10.82 million (2022: Baht 83.24 million). The parent company has terminated the interest subsidy agreement since 1 April 2021.

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Promotional service agreement

The Company entered into a promotional service agreement with the parent company. This agreement is effective for a year, and will be automatically renewed a year unless either party gives to the other party a written notice to terminate the agreements. Fees and conditions are specified in the agreements. The Company recorded service fee as other income for the year 2023 amounting to Baht 4.58 million.

Loan agreement

The Company entered into loan agreements with the parent company in the amount of Baht 11,173 million, interest rate of 5.25% - 6.06% (2022: 5.25% - 6.06%). The interest rate shall be calculated from an average interest rate of the parent company's debentures, which were issued each time, with a mark-up. The interest shall be paid by monthly. The loans will be matured in September 2024 to December 2025.

Service agreement

The Company entered into several agreements within the parent company. The terms of these agreements are effective for 6 months to 1 year, and will be automatically renewed 1 year unless either party gives to the other party a written notice to terminate the agreements. Fees and conditions are specified in the agreements. Services and building rental scope are as follows:

- 1.1 The service support regarding to operation support, finance and accounting, human resource, information technology and others;
- 1.2 Building rental and service.

Memorandum of understanding for the business support

On 1 April 2022, the Company entered into the Memorandum of understanding for the business support with the parent company. The company agreed to hire the parent company as a seller of confiscated goods from the hire-purchase receivables due to breach of contract, the Company pay the commission as 15% of selling price to the parent company. The memorandum is effective, unless either party gives to the other party a written notice to terminate.

Receivable management and collection service agreement

The Company entered into agreement with JMT Network Services Public Company Limited (JMT) for certain receivable management and collection services to be provided by JMT to the Company in return for fees at rates specified in the agreement. The term of this agreement is effective for 1 year, and will be automatically renewed 1 year unless either party gives to the other party a written notice to terminate this agreement.

The Company entered into agreements with JMT Network Services Public Company Limited (JMT) for certain collection services to be provided by JMT to the Company in return for fees at rates specified in the agreement. The term of this agreement is effective for 1 year, and will be automatically renewed 1 year unless either party gives to the other party a written notice to terminate this agreement.

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Transfer rights of receivables agreement

The Company occasionally entered into agreement with JMT Network Services Public Company Limited (JMT) for sale of rights in the Company hire purchase contract receivable. The consideration of transferring rights in the receivable is specified in the agreement.

6 Cash and cash equivalents

	2023	2022
	<i>(in thousand Baht)</i>	
Cash on hand	15	15
Cash at banks	53,367	406,129
Highly liquid short-term investments	100,616	2,700,000
Total	153,998	3,106,144

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7 Hire-purchase contract receivables

	Portion due within one year	Portion due over one year but within two years	Portion due over two years but within three years	Portion due over three years but within four years <i>(in thousand Baht)</i>	Portion due over four years but within five years	Portion due over five years	Total
31 December 2023							
Hire-purchase receivables	2,909,781	673,815	336,912	170,172	60,664	19,086	4,170,430
Less unearned interest income	(568,350)	(144,412)	(59,254)	(22,851)	(6,696)	(2,385)	(803,948)
	2,341,431	529,403	277,658	147,321	53,968	16,701	3,366,482
Less allowance for expected credit loss	(1,485,567)	(178,525)	(78,346)	(38,017)	(9,933)	(4,650)	(1,795,038)
Net	855,864	350,878	199,312	109,304	44,035	12,051	1,571,444
31 December 2022							
Hire-purchase receivables	4,862,725	1,436,968	677,772	298,200	113,748	13,881	7,403,294
Less unearned interest income	(1,080,572)	(344,904)	(132,684)	(44,735)	(11,391)	(828)	(1,615,114)
	3,782,153	1,092,064	545,088	253,465	102,357	13,053	5,788,180
Less allowance for expected credit loss	(343,697)	(60,586)	(19,543)	(5,613)	(1,701)	(179)	(431,319)
Net	3,438,456	1,031,478	525,545	247,852	100,656	12,874	5,356,861

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As at 31 December 2023 and 2022, carrying amount and allowance for expected credit loss for electronic appliances, others and vehicles hire-purchase contract receivables were as follows:

[illegible]

*Hire-purchase contract receivables net of unearned interest income

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	Electronic appliances and others				Vehicles				Total			
	Assets without significant increase in credit risk ^a	Assets with a significant increase in credit risk	Assets with credit impairment	Total	Assets without significant increase in credit risk ^a	Assets with a significant increase in credit risk	Assets with credit impairment	Total	Assets without significant increase in credit risk ^a	Assets with a significant increase in credit risk	Assets with credit impairment	Total
31 December 2022												
Hire-purchase contract receivables [*]												
Within credit terms	2,085,624	38,853	-	2,124,477	321,634	8,067	-	329,701	2,407,258	46,920	-	2,454,178
Overdue:												
1 - 30 days	933,462	12,179	-	945,641	154,821	10,271	-	165,092	1,088,283	22,450	-	1,110,733
31 - 60 days	-	367,065	-	367,065	-	165,086	-	165,086	-	532,151	-	532,151
61 - 90 days	-	938,384	-	938,384	-	111,383	-	111,383	-	1,049,767	-	1,049,767
more than 90 days	-	-	600,987	600,987	-	-	40,364	40,364	-	-	641,351	641,351
Hire-purchase contract receivables [*]	3,019,086	1,356,481	600,987	4,976,554	476,455	294,807	40,364	811,626	3,495,541	1,651,288	641,351	5,788,180
Less allowance for expected credit loss	(70,652)	(111,387)	(223,934)	(405,973)	(2,353)	(10,380)	(12,613)	(25,346)	(73,005)	(121,767)	(236,547)	(431,319)
Total	2,948,434	1,245,094	377,053	4,570,581	474,102	284,427	27,751	786,280	3,422,536	1,529,521	404,804	5,356,861

*Hire-purchase contract receivables net of unearned interest income

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Modification of hire-purchase contract receivables

The financial statements for the year ended 31 December 2023 and 2022 includes the following changes through various types of modification:

	2023		2022	
	Before modification	After modification (in thousand Baht)	Before modification	After modification
Modification of hire-purchase contract receivables net of unearned interest income for the year	<u>121,146</u>	<u>134,762</u>	<u>863,024</u>	<u>796,921</u>

Cash collection under modification of hire-purchase contract receivables for the year ended 31 December 2023 and 2022 were Baht 64.25 million and Baht 61.48 million, respectively.

As at 31 December 2023 and 2022 modified hire-purchase contract receivables have remaining balances of Baht 274.07 million and Baht 517.06 million, respectively. Partial of the receivables are also received the provision of financial assistance to the debtors affected by the Covid-19 relief program.

8 Loan receivables

	Portion due within 1 year 31 December		Portion due after 1 year 31 December		Total 31 December	
	2023	2022	2023	2022	2023	2022
	(in thousand Baht)					
Loan receivables	2,421,375	1,988,788	8,592,493	7,070,395	11,013,868	9,059,183
Add accrued interest receivable	<u>120,770</u>	<u>49,945</u>	<u>-</u>	<u>-</u>	<u>120,770</u>	<u>49,945</u>
	2,542,145	2,038,733	8,592,493	7,070,395	11,134,638	9,109,128
Less allowance for expected credit loss	<u>(278,870)</u>	<u>(32,473)</u>	<u>(267,055)</u>	<u>(39,922)</u>	<u>(545,925)</u>	<u>(72,395)</u>
Net	<u>2,263,275</u>	<u>2,006,260</u>	<u>8,325,438</u>	<u>7,030,473</u>	<u>10,588,713</u>	<u>9,036,733</u>

At 31 December 2023 and 2022, carrying amount and allowance for expected credit loss for loan receivables were as follows:

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	Vehicles			Debt consolidation			Others			Total		
	Assets without a significant increase in credit risk	Assets with credit impairment	Total	Assets without a significant increase in credit risk	Assets with credit impairment	Total	Assets without a significant increase in credit risk	Assets with credit impairment	Total	Assets without a significant increase in credit risk	Assets with credit impairment	Total
31 December 2022												
Loan receivables												
Within credit terms	6,784,089	-	6,815,138	309,525	-	309,525	-	-	9,588	7,103,202	31,049	7,134,251
Overdue:												
1 - 30 days	1,088,860	-	1,131,070	2,838	-	2,838	-	-	3,848	1,095,546	42,210	1,137,756
31 - 60 days	-	-	531,498	-	1,110	1,110	1,042	-	1,042	-	533,650	533,650
61 - 90 days	-	-	251,944	-	-	-	1,217	-	1,217	-	253,161	253,161
more than 90 days	-	45,753	45,753	-	1,595	1,595	-	2,962	2,962	-	50,310	50,310
Net carrying amount	7,872,949	45,753	8,775,403	312,363	1,110	315,068	13,436	2,259	18,657	8,198,748	860,070	9,109,128
Less allowance for expected credit loss	(28,445)	(14,555)	(68,881)	(1,908)	(11)	(3,514)	-	-	-	(30,353)	(25,892)	(72,395)
Total	7,844,504	31,198	8,706,522	310,455	1,099	311,554	13,436	2,259	18,657	8,168,395	834,178	9,036,733

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Modification loan receivables

The financial statements for the year ended 31 December 2023 and 2022 includes the following changes through various types of modification:

	2023		2022	
	Before modification	After modification (in thousand Baht)	Before modification	After modification
Modification of loan receivables for the year	<u>50,055</u>	<u>49,572</u>	<u>211,458</u>	<u>193,419</u>

Cash collection under modification of loan receivables for the year ended 31 December 2023 and 2022 were Baht 51.31 million and Baht 28.28 million, respectively.

As at 31 December 2023 and 2022 modified loan receivables have remaining balances of Baht 176.45 million and Baht 193.29 million, respectively. Partial of the receivables are also received the provision of financial assistance to the debtors affected by the Covid-19 relief program.

9 Other receivables

	Note	2023 (in thousand Baht)	2022
Related parties	5	69,925	10,929
Other parties			
- Revenue department receivables		128,270	28,232
- Other receivables		<u>15,368</u>	<u>45,739</u>
Total		213,563	84,900
Less allowance for expected credit loss		<u>(1,099)</u>	<u>(17,584)</u>
Net		<u>212,464</u>	<u>67,316</u>

Information of credit risk is disclosed in note 23.

10 Asset foreclosed

	2023 (in thousand Baht)	2022
Electric Appliance	47,746	18,242
Vehicle	159,874	18,383
Others	<u>25,771</u>	<u>31,429</u>
Total	233,391	68,054
Less allowance for decline in value of asset foreclosed	<u>(51,651)</u>	<u>(29,002)</u>
Net	<u>181,740</u>	<u>39,052</u>

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11 Leases

Right-of-use assets
As at 31 December

	2023	2022
	<i>(in thousand Baht)</i>	
Building	20,957	10,652
Equipment	1,541	2,307
Vehicle	3,546	5,978
Total	26,044	18,937

In 2023, additions to the right-of-use assets of the Company were Baht 23.84 million (2022: Baht 18.12 million).

The Company leases a number of warehouse and branch for 1 - 3 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

The Company leases a number of copy machine for 3 - 4 years, and paid fixed amount. These payment terms are common in Thailand.

Extension options

The Company has extension options on property leases exercisable up to one year before the end of the contract period. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options and will regularly reassess so.

<i>Year ended 31 December</i>	<i>Note</i>	2023	2022
		<i>(in thousand Baht)</i>	
<i>Amounts recognised in profit or loss</i>			
Depreciation of right-of-use assets:			
- Building	19	13,534	10,969
- Equipment	19	766	789
- Vehicle	19	2,431	2,323
Interest on lease liabilities		1,569	1,285
Expenses relating to short-term leases		1,744	176

In 2023, total cash outflow for leases of the Company were Baht 19.68 million (2022: Baht 14.78 million).

12 Other payable

	<i>Note</i>	2023	2022
		<i>(in thousand Baht)</i>	
Suspense payment - receivable wait for car registration transfer		34,091	55,124
Accrued commission		14,792	14,967
Other payable - related parties	5	7,800	5,466
Deferred interest subsidies income	5	2,182	12,998
Others		68,630	88,646
Total		127,495	177,201

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13 Interest-bearing liabilities

	2023	2022
	<i>(in thousand Baht)</i>	
Current		
Short-term loan from financial institution	-	55,000
Current portion of long-term loans from parent company	2,353,829	-
Current portion of long-term loan from financial institution	-	10,476
Current portion of lease liabilities	14,207	9,018
Non-current		
Long-term loans from parent company	7,718,843	11,172,672
Long-term loan from financial institution	-	3,919
Lease liabilities	12,308	11,768
Total	10,099,187	11,262,853

As at 31 December 2023, the company had unsecured interest-bearing liabilities.

The detail of long-term loans from parent company is disclosed in note 5.

14 Provisions for employee benefits

Defined benefit plan

The Company operates a defined benefit pension plan based on the requirements of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

<i>Present value of the defined benefit obligations</i>	2023	2022
	<i>(in thousand Baht)</i>	
At 1 January	24,141	19,143
<i>Recognised in profit or loss:</i>		
Current service cost	4,452	3,835
Interest on obligation	923	179
	5,375	4,014
<i>Recognised in other comprehensive income:</i>		
Actuarial (gain) loss		
- Demographic assumptions	(671)	546
- Financial assumptions	1,013	(5,166)
- Experience adjustment	(6,612)	5,664
	(6,270)	1,044
Benefit paid	(5,300)	(60)
At 31 December	17,946	24,141
<i>Principal actuarial assumptions</i>	2023	2022
	<i>(%)</i>	
Discount rate	3.4	4.0
Future salary growth	5.0	5.0

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Assumptions regarding future mortality are based on published statistics and mortality tables.

At 31 December 2023, the weighted-average duration of the defined benefit obligations was 15 years (2022: 15 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

<i>Effect to the defined benefit obligation</i>	1% increase in assumption		1% decrease in assumption	
<i>At 31 December</i>	2023	2022	2023	2022
		<i>(in thousand Baht)</i>		
Discount rate	(1,609)	(1,942)	1,883	2,256
Future salary growth	1,832	1,959	(1,599)	(1,720)

15 Share capital

	Par value per share (in Baht)	2023		2022	
		Number	Baht	Number	Baht
		<i>(thousand share/thousand Baht)</i>			
Authorised shares at 31 December	1	<u>3,270,000</u>	<u>3,270,000</u>	<u>3,270,000</u>	<u>3,270,000</u>
<i>Issued and paid-up shares</i>					
At 1 January					
- ordinary shares	1	3,270,000	3,270,000	2,450,000	2,450,000
Increase of new shares	1	-	-	820,000	820,000
At 31 December					
- ordinary shares	1	<u>3,270,000</u>	<u>3,270,000</u>	<u>3,270,000</u>	<u>3,270,000</u>

Initial Public Offering

In December 2022, the Company offered 820 million ordinary shares to the initial public offering ("IPO"). The new shares were issued at a price of Baht 3.90 per share (par value of Baht 1 and share premium on ordinary shares of Baht 2.90). The Company received cash from issuing of new ordinary shares of Baht 3,198 million. The Company registered the increase of paid-up share capital with the Ministry of Commerce on 6 December 2022 and the shares of the Company were begun trading in the Stock Exchange of Thailand on 13 December 2022. The Company had expenses related to share issuance amounting to Baht 86 million. Hence, the Company recognised premium on ordinary shares totaling Baht 2,292 million.

16 Legal reserve

Section 116 of the Public Limited Companies Act B.E. 2535 (1992) Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital.

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17 Difference arising from business combination under common control

During the year 2012, the extraordinary meeting of shareholders had passed the resolution to approve the entering into the Business transfer agreement with Singer Thailand Public Company Limited (“Parent company”) and agreed to the basis for the Company to enter into the asset sale and purchase agreement with Parent company by transfer in hire purchase business including staffs and related obligation from the Parent company as at 31 December 2012.

The net book value of related installments receivables and employee benefit obligations of Singer Thailand Public Company as at 31 December 2012 compared to total transfer price was as follows:

	<i>(in thousand Baht)</i>
Assets	
Installment receivables, net	1,582,796
Liabilities	
Employee benefit obligation	(8,614)
Net book value	<u>1,574,182</u>
Total transfer price (excluded value added tax)	<u>2,548,300</u>
Difference arising from business under common control	<u><u>(974,118)</u></u>

This transaction has been accounted for a transaction between entities under common control since the Company and the Parent company are under the same ultimate share holder both before and after this business transfer and such control is not temporary.

The arose difference amounting to Baht 974.12 million, between net book value of transfer’s assets and liability and total price of business transfer in, staged as difference arising from business combination under common control.

18 Segment information and disaggregation of revenue

Management considers that the Company operates in a single line of business, hire-purchase contract and loans, and has, therefore, only one reportable segment.

Geographical segments

The Company is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Timing of revenue recognition

The Company recognised the interest income over the period and parts of other income at a point in time.

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19 Expenses by nature

	<i>Note</i>	2023 <i>(in thousand Baht)</i>	2022 <i>(in thousand Baht)</i>
Employee benefit expenses		252,607	294,367
Commission expense - dealer		63,998	59,063
Traveling expenses		61,790	68,504
Other tax expenses		42,744	32,193
Professional expenses		31,713	22,520
Pre-settlement fee		29,125	32,703
Loss on impairment of asset foreclosed		22,649	6,199
Postage expenses		20,482	20,249
Depreciation of right-of-use assets	11	16,731	14,080
Management service fee		12,000	12,000
Depreciation and amortisation		9,450	6,344
Others		77,249	73,380
Total		640,538	641,602

20 Income tax expense

Income tax recognised in profit or loss

	2023 <i>(in thousand Baht)</i>	2022 <i>(in thousand Baht)</i>
Current tax expense		
Current year	-	157,564
Deferred tax expense		
Movements in temporary differences	(559,312)	(23,077)
Total income tax expense	(559,312)	134,487

	2023	2022
	Before Tax tax	Net of Tax benefit
<i>Income tax</i>		
<i>Recognised in other comprehensive income</i>		
Defined benefit plan		
actuarial gains (losses)	6,270 (1,254)	5,016 (1,044)
Total	6,270 (1,254)	5,016 (1,044)

Reconciliation of effective tax rate

	2023	2022
	Rate (%)	Rate (%)
Profit before income tax expense	(2,834,589)	801,728
Income tax using the Thai corporation tax rate	20 (566,918)	20 160,346
Expenses not deductible for tax purposes	7,606	10,880
Double deduction expense for tax purposes	-	(36,739)
Total	20 (559,312)	17 134,487

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<i>Deferred tax</i> <i>At 31 December</i>	Assets		Liabilities	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Total	701,008	139,210	(26,037)	(22,297)
Set off of tax	(26,037)	(22,297)	26,037	22,297
Net deferred tax assets	674,971	116,913	-	-

<i>Deferred tax</i>	<i>(Charged) / credited to:</i>			At 31 December
	At 1 January	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income or loss	
2023				
<i>Deferred tax assets</i>				
Allowance for expected credit loss	113,778	359,607	-	473,385
Allowance for decline in value of asset foreclosed	5,800	4,530	-	10,330
Provision for employee benefits	4,828	15	(1,254)	3,589
Deferred interest subsidies income	2,600	(2,163)	-	437
Lease liabilities	4,157	1,146	-	5,303
Fee income	8,047	(2,571)	-	5,476
Loss carry forward	-	202,488	-	202,488
Total	139,210	563,052	(1,254)	701,008
<i>Deferred tax liabilities</i>				
Commission paid	(18,510)	(2,318)	-	(20,828)
Right-of-use assets	(3,787)	(1,422)	-	(5,209)
Total	(22,297)	(3,740)	-	(26,037)
Net	116,913	559,312	(1,254)	674,971
2022				
<i>Deferred tax assets</i>				
Allowance for expected credit loss	65,991	47,787	-	113,778
Allowance for decline in value of asset foreclosed	4,560	1,240	-	5,800
Provision for employee benefits	3,830	789	209	4,828
Deferred interest subsidies income	19,247	(16,647)	-	2,600
Lease liabilities	3,232	925	-	4,157
Fee income	7,215	832	-	8,047
Total	104,075	34,926	209	139,210
<i>Deferred tax liabilities</i>				
Commission paid	(7,468)	(11,042)	-	(18,510)
Right-of-use assets	(2,980)	(807)	-	(3,787)
Total	(10,448)	(11,849)	-	(22,297)
Net	93,627	23,077	209	116,913

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21 (Loss) earnings per share

	2023 (in thousand Baht / thousand shares)	2022 (in thousand Baht / thousand shares)
(Loss) profit attributable to ordinary shareholders of the Company (basic)	<u>(2,275,276)</u>	<u>667,242</u>
Weighted average number of ordinary shares outstanding (basic) as at 31 December	<u>3,270,000</u>	<u>2,508,411</u>
(Loss) earnings per share (basic) (in Baht)	<u>(0.70)</u>	<u>0.27</u>

22 Dividends

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
2023				
Annual dividend	20 April 2023	18 May 2023	0.11	<u>359,693</u>
Dividend paid				<u>359,693</u>
2022				
Annual dividend	20 April 2022	12 May 2022	0.18	<u>441,000</u>
Dividend paid				<u>441,000</u>

23 Financial instruments

(a) Carrying amounts and fair values

Fair value of long-term loans and lease liabilities with bear fixed rate and remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying interest rates current being offered on similar instruments.

Fair value of cash and cash equivalents, other receivables, trade account payables, other payables and short-term loan approximates their carrying amounts in the statements of financial position since such financial assets and liabilities have short maturity periods.

(b) Financial risk management policies

Risk management framework

The Company has established risk management policy to use as a framework for managing various risks to an appropriate level so that the company can operate its business stably and in line with its business plan. The Company's Risk Management Committee has an important role in developing and monitoring the Company's risk management policy regularly and appropriately in response to changing situations.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(b.1) Credit risk

The Company are exposed to credit risk primarily with respect to hire-purchase contract receivables and loan receivables. The Company manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of loan receivables less allowance for expected credit loss as stated in the statements of financial position.

Credit quality analysis

(1.1) Hire-purchase contract receivables and loan receivables

	12-months ECL	Lifetime ECL - not credit- impaired (in thousand Baht)	Lifetime ECL - credit- impaired	Total
At 31 December 2023				
Hire-purchase contract receivables	752,153	375,963	2,238,366	3,366,482
Loan receivables	9,121,881	1,162,133	850,624	11,134,638
	<u>9,874,034</u>	<u>1,538,096</u>	<u>3,088,990</u>	<u>14,501,120</u>
Less allowance for expected credit loss	(133,478)	(133,073)	(2,074,412)	(2,340,963)
Net	<u>9,740,556</u>	<u>1,405,023</u>	<u>1,014,578</u>	<u>12,160,157</u>
At 31 December 2022				
Hire-purchase contract receivables	3,495,541	1,651,288	641,351	5,788,180
Loan receivables	8,198,748	860,070	50,310	9,109,128
	<u>11,694,289</u>	<u>2,511,358</u>	<u>691,661</u>	<u>14,897,308</u>
Less allowance for expected credit loss	(103,358)	(147,659)	(252,697)	(503,714)
Net	<u>11,590,931</u>	<u>2,363,699</u>	<u>438,964</u>	<u>14,393,594</u>

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<i>Movement of allowance for expected credit loss</i>	12-months ECL	Lifetime ECL - not credit-impaired (in thousand Baht)	Lifetime ECL- credit-impaired	Total
<i>Hire-purchase contract receivables</i>				
2023				
At 1 January 2023	73,005	121,767	236,547	431,319
Change from stage reclassification	(38,433)	(27,222)	65,655	-
Change from remeasurement of ECL	13,854	23,201	1,347,381	1,384,436
Acquired from new contracts	19,183	15,403	263,120	297,706
Repaid / Derecognition	(22,305)	(84,724)	(211,394)	(318,423)
At 31 December 2023	45,304	48,425	1,701,309	1,795,038
2022				
At 1 January 2022	87,400	58,600	130,601	276,601
Change from stage reclassification	(7,418)	6,017	1,401	-
Change from remeasurement of ECL	(17,080)	41,392	69,106	93,418
Acquired from new contracts	36,769	29,731	85,654	152,154
Repaid / Derecognition	(26,666)	(13,973)	(50,215)	(90,854)
At 31 December 2022	73,005	121,767	236,547	431,319
<i>Loan receivables</i>				
2023				
At 1 January 2023	30,353	25,892	16,150	72,395
Change from stage reclassification	(4,119)	(7,256)	11,375	-
Change from remeasurement of ECL	17,130	42,060	289,657	348,847
Acquired from new contracts	54,636	32,270	60,062	146,968
Repaid / Derecognition	(9,826)	(8,318)	(4,141)	(22,285)
At 31 December 2023	88,174	84,648	373,103	545,925
2022				
At 1 January 2022	15,045	8,346	6,712	30,103
Change from stage reclassification	1,416	163	(1,579)	-
Change from remeasurement of ECL	(2,381)	9,724	11,781	19,124
Acquired from new contracts	20,816	8,811	358	29,985
Repaid / Derecognition	(4,543)	(1,152)	(1,122)	(6,817)
At 31 December 2022	30,353	25,892	16,150	72,395

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<i>Expected credit loss for the year ended 31 December</i>	2023 <i>(in thousand Baht)</i>	2022
Hire-purchase contract receivables	3,260,745	342,846
Loan receivables	508,974	49,218
Other receivables	1,099	3,147
Total	3,770,818	395,211

The information on the expected credit loss expense of hire-purchase contract receivables is included in Note 4 and revenue from sales of rights in receivable amounting to Baht 110.3 million was recognised as reversal of expected credit loss (2022: Baht 15.8 million).

Loss rates are based on actual credit loss experience over the past 3 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

(1.2) Other receivables

The following table provides information about the exposure to credit risk and ECLs for other receivables.

<i>Movement of allowance for expected credit loss of other receivables</i>	2023 <i>(in thousand Baht)</i>	2022
At 1 January	17,584	14,437
Addition	1,099	3,147
Written-off	(17,584)	-
At 31 December	1,099	17,584

The Company limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 60 days. Outstanding trade receivables are regularly monitored by the Company. An impairment analysis is performed by the Company at each reporting date. The provision rates of expected credit loss are based on days past due for individual trade receivables/groupings of various customer segments with similar credit risks to reflect differences between economic conditions in the past, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

(1.3) Cash and cash equivalents

The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions, for which the Company considers to have low credit risk.

(1.4) Collateral held

In addition to determining counterparty credit quality through risk analysis, the Company also uses collateral as one type of credit risk mitigation to reduce potential credit losses to the Company. The Company considered the collateral value as at contractual effective date whether it is adequate to the Company's acceptable risk. Collateral is comprised of electronic appliances, vehicles and others whose values are appraised on an initial recognition of hire-purchase contract receivables and loan receivables.

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For guarantee, the process for the analysis of guarantor's creditworthiness is aligned to credit assessment process for borrowers.

Concentrations of credit risk

The Company monitor concentrations of credit risk by type of financing which credit risk concentration of receivables can classify as follow;

- Electronic appliances hire-purchase contract receivables are approximately 41.70% in retail group comprising of owned-business and are approximately 58.30% in general retail group,
- Vehicle hire-purchase contract receivables and loan receivables are 58.86% in corporate group and are 41.14% are in retail group.

The Company has no significant concentration of credit risk on the financial statements.

Information related to ECL

Significant increase in credit risk (SICR)

When determining whether the probability of default on a financial instrument has increased significantly since initial recognition, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and including forward-looking information.

Default

The Company consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company within 90 days from maturity date;
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Probability of default

Credit risk grades are a primary input into the determination of the probability of default. The Company has collected repayment performance data of each receivable and input into statistical models to analyse the data collected and generate estimates of the lifetime PD based on contractual repayment. Then, to estimate ECL.

Incorporation of forward-looking information

ECL has been estimated by the probability weighted of default over the expected life of the financial instrument. It is based on the present value of all expected cash shortfalls carried by historical loss experience data for the Company of assets that the Company consider credit risk to be similar such as types of financing and adjusted by current observed data, along with supportable and reasonable future forecasts if statistically correlated can be proved. Appropriate judgments are also incorporated to estimate ECL using macroeconomic data. The Company assess both the current situation and the forecast of future economic conditions and probability weighted for each situation. The Company has tested and found there is no significant correlation between economic factors and the assumption; therefore, the Company did not include the economic factors into the expected credit losses model on customers portfolios.

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Moreover, the Company review the assumptions and forecasts of the future economic situations on a regular basis. In addition, the Company also provided the management overlay as a part of ECL for the receivables affected by the Covid-19.

(b.2) Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following table shows the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

At 31 December	Carrying amount	1 year or less	Contractual cash flows		Total
			More than 1 year but less than 2 years	More than 2 years but less than 5 years	
			(in thousand Baht)		
2023					
Non-derivative financial liabilities					
Trade accounts payable	75,188	75,188	-	-	75,188
Long-term loans from parent company	10,072,673	2,908,703	7,956,905	-	10,865,608
Lease liabilities	26,516	15,388	9,995	2,829	28,212
	<u>10,174,377</u>	<u>2,999,279</u>	<u>7,966,900</u>	<u>2,829</u>	<u>10,969,008</u>
2022					
Non-derivative financial liabilities					
Short-term loan from financial institution	55,000	55,305	-	-	55,305
Trade accounts payable	473,237	473,237	-	-	473,237
Long-term loans from parent company	11,172,673	643,723	4,059,087	7,956,905	12,659,715
Long-term loan from financial institution	14,394	10,980	3,958	-	14,938
Lease liabilities	20,786	9,785	6,872	5,354	22,011
	<u>11,736,090</u>	<u>1,193,030</u>	<u>4,069,917</u>	<u>7,962,259</u>	<u>13,225,206</u>

(b.3) Market risk

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivatives for speculative or trading purposes.

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Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because loan interest rates (see note 13) are mainly fixed. So the Company has low interest rate risk. The sensitivity impact to increase or decrease in interest rate expenses from borrowings, as a result of changes in interest rates is immaterial on financial statements. The Company mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

24 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board regularly monitors the return on capital, by evaluating result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

25 Commitments with non-related parties

For the year ended 31 December

	2023	2022
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
Building improvement and equipment	80	-
Intangible	22,000	-
Total	22,080	-
<i>Other commitments</i>		
Bank guarantees	10	510
Total	10	510

26 Reclassification of accounts

Certain accounts in the financial statements for the year ended 31 December 2022 have been reclassified to conform to the presentation of financial statements for the year ended 31 December 2023 as follows:

	Before reclassification	Reclassification <i>(in thousand Baht)</i>	After reclassification
<i>Statement of financial position as at 31 December 2022</i>			
Trade payables	486,476	(13,239)	473,237
Other payables	163,962	13,239	177,201
		-	