**THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

*“UNAUDITED”*

1. **GENERAL INFORMATION**

Thai Capital Corporation Public Company Limited (“the Company”) is incorporated in Thailand.

Its registered office is at 87/2 CRC Tower, All Seasons Place, 45th Floor, Wireless Road, Lumpini, Phathumwan, Bangkok.

The Company was listed on the stock Exchange of Thailand on April 29, 1991.

The Company and its subsidiaries (“the Group”) engage in three principal businesses as follows:

* Distribution of coal
* Property Development
* Asset Management

TCC Asset Management Co., Ltd. (“Subsidiary”) principally operates in the asset management by acquiring or transferring non-performing assets from the financial institutions to follow-up and collect debts incurred from the debtor’s restructuring for the ultimate benefits. The subsidiary has been approved by the Bank of Thailand on February 7, 2017 registering to be an asset management company under the Ministerial Regulations (B.E.2541) issued under the Emergency Decree on Asset Management Company B.E.2541.

These interim financial statements have been approved for issue by the Company’s Board of Directors on November 13, 2024.

1. **BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS**

The interim financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) No. 34 “Interim Financial Reporting”, including the guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The Group chooses to present the condensed interim financial statements, and presents the statement of financial position, statements of income, comprehensive income, changes in equity and cash flows in the same format as the annual financial statements.

The interim financial statements do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are presented in Thai Baht, which is the Group’s functional currency. The preparation of these official statutory interim financial statements is issued for Thai reporting purposes. The interim financial statements in English language have been translated from the interim financial statements in Thai language.

The preparation of the interim financial statements requires management to make judgments estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that accounting period, and in the accounting period of the revision and future periods, if the revision affects both current and future accounting periods.

**BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated interim financial statements have been prepared by including the financial statements of Thai Capital Corporation Public Company Limited and its subsidiaries (together referred to as the “Group”) as follows:



The preparations of the consolidated financial statements have been based on the same accounting policies for the same or similar accounting transactions or accounting events on the same basis as that applied for the consolidated financial statements for the year ended December 31, 2023.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated.

**New financial reporting standards**

1. **New financial reporting standards that became effective in the current period**

During the period, the Group has adopted the revised financial reporting standards, including the accounting guidances which are effective for fiscal years beginning on or after January 1, 2024. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the clarification of accounting practices and accounting guidances to users of TFRSs.

The management assessed there are not any significant impact on the Group’s financial statements in the period those financial reporting standards are initially adopted.

1. **Financial reporting standard that will become effective in the future**

The Federation of Accounting Professions promulgated the numbers of revised financial reporting standards, which are effective for fiscal years beginning on or after January 1, 2025. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards the clarification of accounting practices and guidance to users of TFRSs.

The management of the Group believes that the revision of TFRSs does not have any significant impact on the financial statements.

1. **SIGNIFICANT ACCOUNTING POLICIES**

**The measurement bases used in preparing the financial statements**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended December 31, 2023.

1. **TRANSACTIONS WITH RELATED PARTIES**

A related party is a person or entity that has control, or are controlled by, the Company and subsidiaries, whether directly or indirectly, or which are under common control with the Company and subsidiaries.

They also include a person which directly or indirectly own a voting interest in the Company and subsidiaries that gives them significant influence over the Company, key management personnel, directors, or officers with authority in the planning and direction of the Company’s and subsidiaries operations, including, close family members of mentioned person and entity that has control or significant influence whether directly or indirectly.

Significant transactions with related parties for the nine-month periods ended September 30, 2024 and 2023 were as follows:



Service income was included in the related party transactions at the actual cost incurred plus margin and the contract value.

The above income was presented in the statement of income under the account “other income” at the netted amount of service income and the actual cost incurred.

**Management and director personnel compensation**

Management and director personnel compensation for the nine-month periods ended September 30, 2024 and 2023 consisted of:



Directors’ remuneration represents benefits paid to the director of the Group in accordance with Section 90 of the Public Limited Companies Act B.E. 2535, exclusive of salaries and related benefit payable to directors who hold executive positions.

The significant balances of assets and liabilities with related parties as at September 30, 2024 and December 31, 2023 were as follows:



**Short-term loans to related parties**

Short-term loans to related parties as at September 30, 2024 and December 31, 2023 consisted of:



Movements of short-term loans to related parties for the nine-month periods ended September 30, 2024 and 2023 were as follows:



The Company had short-term loans to related parties with agreement, repayment due at call and unsecured.

**Short-term loans from related parties**

Short-term loans from related parties as at September 30, 2024 consisted of:



Movements of short-term loans from related parties for the nine-month period ended September 30, 2024 and 2023 were as follows:

The Company had short-term loans from related parties with agreement, repayment due at call and unsecured.



**Significant agreement**

The Company had charged cost from asset utilization and operating expenses from TCC Energy Co., Ltd at the monthly service of Baht 1 million.

**Co-guarantee for liabilities**

As at September 30, 2024 and December 31, 2023, related parties had co-guarantee liabilities as follows:



**Nature of relationship**



**Bases of measurement for intercompany revenues and expenses**



Credit terms for sale of goods to related companies granted by the Group range from 30 – 90 days (other companies: 0 – 90 days)

1. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as at September 30, 2024 and December 31, 2023 consisted of:



1. **TRADE AND OTHER RECEIVABLES**

Trade and other receivables as at September 30, 2024 and December 31, 2023 consisted of:

**Current assets**



As at September 30, 2024, trade receivables of the subsidiary in the amount of Baht 29.77 million, were discounted to a factoring company. In case the factoring company did not receive from such trade receivables, the subsidiary agreed to redeem such trade receivable from the factoring company (see note 13).

Movements of allowance for expected credit loss for the nine-month period ended September 30, 2024 were as follows:



As at September 30, 2024 and December 31, 2023, the Group had outstanding balances of trade receivables aged by number of months as follows:



1. **INVENTORIES**

Inventories as at September 30, 2024 and December 31, 2023 consisted of:



For the nine-month periods ended September 30, 2024 and 2023, cost of inventories was included in cost of

sale



1. **LOANS PURCHASED OF RECEIVABLES AND ACCRUED INTEREST INCOME**

Loans purchased of receivables and accrued interest income as at September 30, 2024 and December 31, 2023 consisted of:

Movements of the loans purchased of receivables for the nine-month period ended September 30, 2024 were summarized as follows:



On March 26, 2024, TCC Asset Management Co., Ltd. (“Subsidiary”) entered into the agreement to acquire non-performing loans from a financial institutions. Those non-performing loans are 24 secured debtors with totaling value of Baht 50.11 million.



On August 26, 2024, TCC Asset Management Co., Ltd. (“Subsidiary”) entered into the agreement to acquire non-performing loans from a financial institutions. Those non-performing loans are 32 secured debtors with totaling value of Baht 80.03 million.

1. **INVESTMENTS IN SUBSIDIARIES**

Investments in subsidiaries as at September 30, 2024 and December 31, 2023 were summarized as follows:



**Period 2024**

The Company invested in the ordinary shares increased of TCC Asset Management Co., Ltd. in the amount of Baht 51.30 million.

The Company invested in the ordinary shares increased of P.T. Thai Capital Indo Mining Co., Ltd in the amount of Baht 0.97 million.

1. **PROPERTY, PLANT AND EQUIPMENT**

Movements of the property, plant and equipment for the nine-month period ended September 30, 2024 were summarized as follows:

As at September 30, 2024 and December 31, 2023, the Group had mortgages land and building as collateral for a loans from financial institutions which its net book value was summarized as follows:



The Group entered into the lease agreement for vehicles with other company. The Group recognized the right-of-use assets as part of property, plant and equipment.

1. **SHORT–TERM LOANS FROM FINANCIAL INSTITUTIONS**

Short–term loans from financial institutions as at September 30, 2024 consisted of:



1. **TRADE AND OTHER PAYABLES**

Trade and other payables as at September 30, 2024 and December 31, 2023 consisted of:

**Current liabilities**



1. **SHORT-TERM LOANS FROM OTHER COMPANY**

Short-term loans from other company as at September 30, 2024 consisted of:



TCC Energy Co., Ltd. (“Subsidiary”) has credit facilities in the amount of Baht 140 million from factoring with the right of transfer, at an interest rate 7.50 - 8.50% per annum.

1. **DEBENTURES**

As at September 30, 2024 and December 31, 2023 the Group issued the unsubordinated and unsecured debentures with debenture holders’ representative at par value of Baht 1,000 which its details were summarized as follows:



The carrying amount and fair values of debentures (gross amount before issuing cost) as at September 30, 2024 and December 31, 2023 were summarized as follows:



Fair values for traded debentures have been determined based on quoted selling prices from The Thai Bond Market Association by the closing price at the end of the reporting period.

Movements of debentures for the nine-month period ended September 30, 2024 were summarized as follows:



**Period 2024**

On February 27, 2024, the Group issued the unsubordinated and unsecured debentures with debenture holders’ representative at par value of Baht 1,000 which its details were summarized as follows:

|  |  |
| --- | --- |
| Name: | Debentures of Thai Capital Corporation Public Company Limited No. 1/2024 due B.E.2568*.* |
| Amount: | Not exceed Baht 200 million. |
| Tenor: | 1 Year 6 Months. |
| Interest rate | 7.25% per annum. |
| Type: | Unsubordinated and unsecured debentures in registered name form with debenture holders’ representative. |
| Offering: | Private placement to the institutional investors and/or high net-worth investors. |
| Objective | Used as working capital for the energy business in the amount of Baht 150 million and investment in the asset management business in the amount of Baht 50 million. |

On August 6, 2024, the Group issued the unsubordinated and unsecured debentures with debenture holders’ representative at par value of Baht 1,000 which its details were summarized as follows:

|  |  |
| --- | --- |
| Name: | Debentures of Thai Capital Corporation Public Company Limited No. 2/2024 due B.E.2569*.* |
| Amount: | Not exceed Baht 70 million. |
| Tenor: | 1 Year 6 Months. |
| Interest rate | 7.50% per annum. |
| Type: | Unsubordinated and unsecured debentures in registered name form with debenture holders’ representative. |
| Offering: | Private placement to the institutional investors and/or high net-worth investors. |
| Objective | Used as a roll-over |

On September 30, 2024, the Group has not yet issued debentures as approved by shareholders’ meeting in the amount of Baht 30 million.

In issuing these debentures, the Group incurred costs which were recorded as a deduction against the value of the debentures. The Group amortized these issuing costs over the term of the debentures, to increase the value of the debentures.

Under rights and responsibilities of debenture issuer.

The Group is required to comply with the terms and responsibilities as follows:

Maintain the net debt to equity ratio of the consolidated financial statements not exceed 2.5:1 over the tenor of the debentures.

Net debt refers to the interest-bearing debt of the debenture issuer.

1. **PROVISIONS FOR EMPLOYEE BENEFIT**

Provisions for employee benefit as at September 30, 2024 and December 31, 2023 consisted of:



Movements of the present value of provisions for employee benefit for the nine-month period ended September 30, 2024 were summarized as follows:



1. **DIVIDEND**



1. **REVENUE FROM CONTRACT WITH CUSTOMERS**

Disaggregation of revenue for the nine-month periods ended September 30, 2024 and 2023 was summarized as follows:



1. **OPERATING SEGMENT**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance measured basing on segment operating profit or loss on a basis consistent with that used to measure operating profit or loss in the financial statements.

**Segment**

The Group identified their business segment as follows:

|  |  |
| --- | --- |
| Thai Capital Corporation Public Co., Ltd. | Distribution of coal. |
| TCC Energy Co., Ltd. | Distribution of coal. |
| Chaisin Real Estate Co., Ltd. | Property development |
| TCC Asset Management Co., Ltd. | Asset management |

All inter-segment transactions were eliminated in preparing the consolidated financial statements.

Operating segment information of the Group in the consolidated financial statements for the nine-month periods ended September 30, 2024 and 2023 was summarized as follows:



Significant assets and liabilities as at September 30, 2024 and December 31, 2023 were as follows:



**Geographical** **segments**

The Group operates in a single geographical segment principally in Thailand. There are no material revenues derived from or assets located in foreign countries. Therefore, revenue and assets presented in the financial statements are geographical segment reporting.

1. **INCOME TAX**

The Group recognized tax expense for the nine-month periods ended September 30, 2024 and 2023 based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in the interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

Tax expense for the nine-month periods ended September 30, 2024 and 2023 was as follows:



**Deferred tax**

Deferred tax as at September 30, 2024 and December 31, 2023 consisted of:



1. **Diluted earnings per share**

Diluted earnings per share is calculated by dividing profit for the period attributable to the ordinary shareholders of the Group by the sum of the weighted average number of ordinary shares outstanding during the period plus the weighted average number of shares to be issued for the exercise of all dilutive potential ordinary shares into ordinary shares, without any consideration. The calculation assumes that the holders will exercise dilutive potential ordinary shares into ordinary shares when the exercise price is lower than fair value of ordinary shares. However, the average fair value of the Group’s ordinary shares for the three-month and nine-month period ended September 30, 2024, is lower than the exercise price. Therefore, the Group does not include the result of equivalent ordinary shares for calculating diluted profit per shares.

1. **COMMITMENTS**

Commitments as at September 30, 2024 and December 31, 2023 consisted of:



1. **FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Significant financial instruments of the Group presented in the statement of financial position principally comprise deposits at banks, trade and other receivables, lease receivable, loans to related parties, loans purchased of receivables, trade and other payables, loans from related parties, loans from other company, loans from financial institutions, debenture and leases liabilities.

Fair value

The fair value of financial instruments, considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be amid in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.