

Primo Service Solutions Public Company Limited and its subsidiaries

(Formerly known as “Primo Service Solutions Company Limited”)

Notes to interim consolidated financial statements

For the three-month and nine-month periods ended 30 September 2022

1. General information

1.1 Corporate information

Primo Service Solutions Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Origin Property Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the property management services. The registered office of the Company is at 496 Moo 9, Tambon Samrong Nuea, Amphoe Mueang Samut Prakan, Samut Prakan.

The Company was registered as a public company limited with the Ministry of Commerce on 25 July 2022 and changed the Company’s name from “Primo Service Solutions Company Limited” to “Primo Service Solutions Public Company Limited”.

1.2 Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

The interim consolidated financial statements include the financial statements of Primo Service Solutions Public Company Limited (“the Company”) and its subsidiary companies (“the subsidiaries”) (collectively as “the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2021, with no change in shareholding structure of subsidiaries during the current period.

1.4 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Group's financial statements.

2. Related party transactions

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

Significant business transactions with related parties are summaries as follows.

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2022	2021	2022	2021	
<u>Transactions with the parent company</u>					
Service and project management income	4	3	-	-	Contract price
Management fee	1	1	-	-	Contract price
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Service income	-	-	8	5	Contract price
Dividend income	-	-	67	16	As declared
Administrative expenses	-	-	1	-	Contract price
<u>Transactions with related parties</u>					
Service and project management income	62	38	-	-	Contract price
Real estate agency income	1	2	-	-	1% - 3% of selling price
Sales	32	16	-	-	Market price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2022	2021	2022	2021	
<u>Transactions with the parent company</u>					
Service and project management income	11	10	-	-	Contract price
Real estate agency income	-	2	-	-	1% - 3% of selling price
Sales	1	3	-	-	Market price
Land and buildings rental expenses	2	2	1	1	Contract price
Management fee	1	1	-	-	Contract price
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Service income	-	-	23	15	Contract price
Dividend income	-	-	154	40	As declared
Administrative expenses	-	-	1	-	Contract price
<u>Transactions with related parties</u>					
Service and project management income	151	89	-	-	Contract price
Real estate agency income	20	7	-	-	1% - 3% of selling price
Sales	71	39	-	-	Market price

The balances of the accounts between the Group and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
		(Audited)		(Audited)
<u>Trade and other receivables - related parties (Note 3)</u>				
Trade receivables				
Parent company	2,085	5,555	-	-
Subsidiaries	-	-	7,256	1,789
Related parties	86,482	46,026	405	-
Total trade receivables - related parties	88,567	51,581	7,661	1,789

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
Other receivables				
Parent company	172	-	-	-
Subsidiaries	-	-	67,440	530
Related parties	15,740	7,353	-	-
Total other receivables - related parties	15,912	7,353	67,440	530
Total trade and other receivables - related parties	104,479	58,934	75,101	2,319
Other payables - related parties (Note 5)				
Parent company	1,862	551	621	130
Subsidiaries	-	-	-	91
Related parties	9,747	3,282	39	-
Total other payables - related parties	11,609	3,833	660	221
Lease liabilities				
Parent company	6,620	7,571	2,697	3,552
Total lease liabilities	6,620	7,571	2,697	3,552

Short-term loans to related parties

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at			Balance as at
	31 December	Increase during	Decrease during	30 September
	2021	the period	the period	2022
Short-term loans to related parties				
Subsidiaries	6,000	2,000	(6,000)	2,000
Total	6,000	2,000	(6,000)	2,000

Directors' and management's benefits

The Group had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	For the three-month		For the nine-month	
	periods ended 30 September		periods ended 30 September	
	2022	2021	2022	2021
Short-term benefits	6,002	4,051	17,011	10,615
Post-employment benefits	24	19	72	89
Share-based payment	-	4	2	26
Total	6,026	4,074	17,085	10,730

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	48,100	36,615	2,934	1,789
Past due				
Up to 3 months	41,051	11,388	4,049	-
3 - 6 months	523	3,457	678	-
6 - 12 months	612	121	-	-
Total	90,286	51,581	7,661	1,789
Less: Allowance for expected credit losses	(1,719)	-	-	-
Total trade receivables - related parties, net	88,567	51,581	7,661	1,789

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	82,096	28,756	-	-
Past due				
Up to 3 months	14,795	20,607	-	-
3 - 6 months	15,654	5,596	-	-
6 - 12 months	4,539	1,856	-	-
Over 12 months	3,762	2,165	-	-
Total	120,846	58,980	-	-
Less: Allowance for expected credit losses	(10,808)	(3,635)	-	-
Total trade receivables - unrelated parties, net	110,038	55,345	-	-
Total trade receivables - net	198,605	106,926	7,661	1,789
<u>Other receivables</u>				
Advances payment to unrelated parties	3,255	2,667	99	50
Interest receivables from related parties	-	-	1	14
Accrued income from related parties	15,912	7,347	40	462
Accrued income from unrelated parties	38,016	1,577	-	-
Prepaid expenses to unrelated parties	2,363	4,095	142	737
Other receivables - related parties	-	6	67,399	54
Other receivables - unrelated parties	269	222	36	44
Total other receivables	59,815	15,914	67,717	1,361
Less: Allowance for expected credit losses	(161)	(114)	-	-
Total other receivables - net	59,654	15,800	67,717	1,361
Total trade and other receivables - net	258,259	122,726	75,378	3,150

4. Investments in subsidiaries

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

Companies	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received	
	30 September	31 December	30 September	31 December	30 September	31 December	For the nine-month periods ended 30 September	
	2022	2021	2022	2021	2022	2021	2022	2021
			(%)	(%)	(Audited)			
Passion Realtor Co., Ltd.	2,000	2,000	100	100	2,000	2,000	89,746	4,000
Uno Service Co., Ltd.	5,000	2,000	100	100	5,000	2,000	22,951	19,000
Wyde Interior Co., Ltd.	5,000	2,000	100	100	7,838	4,838	17,228	5,000
Primo Management Co., Ltd.	10,000	6,250	100	100	10,000	6,250	7,000	7,000
Crown Residence Co., Ltd.	10,000	3,250	100	100	10,000	3,250	13,655	3,000
United Project Management Co., Ltd.	5,000	5,000	100	100	5,000	5,000	-	1,900
Hampton Hotel and Residence Management Co., Ltd.	1,000	1,000	100	100	1,000	1,000	3,400	-
Total					40,838	24,338	153,980	39,900

4.2 The change of investments in subsidiaries during the nine-month period ended 30 September 2022 is as follows.

Uno Service Company Limited

Uno Service Company Limited called up an additional share capital of Baht 7.5 per share. The Company paid in the capital of Baht 3.0 million as proportionate shareholding in the subsidiary in April 2022.

Wyde Interior Company Limited

Wyde Interior Company Limited called up an additional share capital of Baht 7.5 per share. The Company paid in the capital of Baht 3.0 million as proportionate shareholding in the subsidiary in April 2022.

Primo Management Company Limited

Primo Management Company Limited called up an additional share capital of Baht 7.5 per share. The Company paid in the capital of Baht 3.8 million as proportionate shareholding in the subsidiary in April 2022.

Crown Residence Company Limited

Crown Residence Company Limited called up an additional share capital of Baht 7.5 per share. The Company paid in the capital of Baht 6.8 million as proportionate shareholding in the subsidiary in April 2022.

5. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
Trade payables - unrelated parties	25,341	10,232	-	-
Other payables - related parties	1,990	554	660	221
Other payables - unrelated parties	2,689	3,279	963	566
Unearned income from related parties	9,614	3,279	-	-
Unearned income from unrelated parties	6,787	15,340	-	-
Accrued expense from related party	5	-	-	-
Accrued expenses from unrelated parties	12,704	8,263	750	839
Total trade and other payables	59,130	40,947	2,373	1,626

6. Share capital

On 22 July 2022, the Extraordinary General Meeting of the Company's Shareholders passed a resolution to approve the change in the par value of the Company's shares and increase in the registered share capital as follows.

- 1) The decrease in par value of the Company's shares from Baht 10 each to Baht 0.50 each, resulting in the increase in the number of Company's shares from 5,350,000 shares to 107,000,000 shares, consisting of 107,000,000 ordinary shares.
- 2) The increase in the Company's registered share capital of Baht 106,500,000 (213,000,000 ordinary shares at par value of Baht 0.50 each) from the registered share capital of Baht 53,500,000 to Baht 160,000,000, resulting in the Company's registered share capital equivalent to 320,000,000 shares at par value of Baht 0.50 each. The Company registered the following amendments with the Ministry of Commerce on 25 July 2022. The details of allocation of additional ordinary shares are as follows.
 - 2.1) The allocation of 133,000,000 ordinary shares at par value of Baht 0.50 each is allocated to the existing shareholders with a price of Baht 0.50 each, totaling Baht 66,500,000. The Company received the payment of the share capital in August 2022.
 - 2.2) The allocation of 80,000,000 ordinary shares at par value of Baht 0.50 each for an initial public offering.

7. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses (income) for the three-month and nine-month periods ended 30 September 2022 and 2021 are made up as follows.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2022	2021	2022	2021
Current income tax:				
Interim corporate income tax charge	17,549	8,240	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(44)	565	(6)	586
Income tax expenses (income) reported in profit or loss	<u>17,505</u>	<u>8,805</u>	<u>(6)</u>	<u>586</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2022	2021	2022	2021
Current income tax:				
Interim corporate income tax charge	44,333	20,040	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(369)	1,466	(4)	1,505
Income tax expenses (income) reported in profit or loss	<u>43,964</u>	<u>21,506</u>	<u>(4)</u>	<u>1,505</u>

8. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period after adjusting the number of ordinary shares to reflect the impact of the change in the par value of the ordinary shares, as discussed in Note 6 to the interim consolidated financial statements, as if the change in the par value of the ordinary shares had been occurred at the beginning of the earliest period reported.

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Profit for the period (Thousand Baht)	59,739	28,188	60,860	11,034
Weighted average number of				
ordinary shares (Thousand shares)	174,946	107,000	174,946	107,000
Basic earnings per share (Baht)	0.34	0.26	0.35	0.10
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Profit for the period (Thousand Baht)	156,021	68,380	138,590	28,786
Weighted average number of				
ordinary shares (Thousand shares)	129,897	107,000	129,897	107,000
Basic earnings per share (Baht)	1.20	0.64	1.07	0.27

9. Segment information

The Group is organised into business units based on their property management services. During the current period, the Group has not changed the organisation of their reportable segments from the last annual financial statements.

Major customers

During the three-month and nine-month periods ended 30 September 2021, the Group had revenue from two major customers in amount of Baht 24 million and Baht 62 million, respectively (30 September 2022: the Group has no major customer with revenue of 10 percent or more of the Group's revenue).

10. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends for 2021	Board of Directors' Meeting on 11 May 2021	19	3.553
Total for 2021		19	3.553
Interim dividends for 2022	Board of Directors' Meeting on 10 August 2022	67	0.280
Total for 2022		67	0.280

11. Service commitments

As at 30 September 2022, the Group has entered into service agreements. The terms of the agreements are generally between 1 - 4 years. Future minimum lease payments required under these non-cancellable service contracts amounting to Baht 6 million (31 December 2021: Baht 7 million) (The Company only: Baht 4 million, 31 December 2021: Baht 5 million).

12. Financial instruments**Fair values of financial instruments**

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

13. Events after reporting period

On 31 October 2022, the Board of Directors' Meeting of subsidiaries passed resolutions to declare dividend payment to the Company, totaling Baht 109 million.

On 9 November 2022, the Board of Directors' Meeting of the Company passed resolutions as follows.

- 1) To declare dividend payment of Baht 0.45 per share, totaling Baht 108 million.
- 2) To additionally invest in 0.5 million ordinary shares of United Project Management Company Limited at par value of Baht 10 each, totaling Baht 5 million, in which the Company's shareholding is 100 percent.

14. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 November 2022.