

Primo Service Solutions Public Company Limited and its subsidiaries
Notes to interim consolidated financial statements
For the three-month and six-month periods ended 30 June 2023

1. General information

1.1 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.

1.2 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 2022.

During the current period, there were changes in the composition of the Group as follows.

Newly established subsidiaries

Investors	Subsidiaries	Nature of business	Percentage of shareholding	Description	Amount
			(%)		(Thousand Baht)
Wyde Interior Company Limited	Wyde Furniture Company Limited	Services relating to real estate business	82	3.3 million ordinary shares of Baht 10 each	19,800
Uno Service Company Limited	V Security Guard Company Limited	Services relating to real estate business	100	0.1 million ordinary shares of Baht 10 each	1,000

New subsidiary from business combination by entire business transfer

On 22 June 2023, the Board of Directors' Meeting of the Company passed a resolution to United Project Management Company Limited (subsidiary) to complete the entire business transfer of two unrelated companies, which are Cambridge Tudor Company Limited and Ruesai Consultants Company Limited. Both of which were incorporated in Thailand and principally engaged in investing in other companies. All assets and liabilities of both companies were transferred to the subsidiary as at the entire business transfer date. Most of the identifiable assets acquired from both companies were the investments in ProjectsAsia Limited, a company was incorporated in Thailand and principally engaged in providing construction management services. Upon the completion of the entire business transfer transaction from both companies, the subsidiary held a 100 percentage of shareholding in ProjectsAsia Limited, which is considered as the new subsidiary of the Group.

As at the business transfer date, the subsidiary made a payment of Baht 154 million and recorded an estimation of the fair value of contingent consideration of Baht 129 million, using the discounted cash flow method and has been presented as liabilities in the consolidated statement of financial position. Under the entire business transfer transaction, the subsidiary expected to make the payments to the former shareholders based on the target profits. The payments were due to be gradually made within 2026.

The fair values of the identifiable assets acquired and liabilities assumed of ProjectsAsia Limited based on the best estimation of subsidiary's management as at the business combination date were as follows:

	(Unit: Thousand Baht)
Cash and cash equivalents	12,451
Trade and other receivables	47,542
Other current assets	10,627
Equipment	1,995
Right-of-use assets	4,920
Intangible assets	1,720
Other non-current assets	9,574
Trade and other payables	(21,094)
Other current liabilities	(4,175)
Lease liabilities	(5,724)
Provision for long-term employee benefits	(31,513)
Net assets from the business combination	<u>26,323</u>
Add: Difference between cost of the business combination and the value of net assets from the business combination	<u>256,277</u>
Cost of the business combination	282,600
Less: Cash and cash equivalents of ProjectsAsia Limited	(12,451)
The estimation of the fair value of contingent consideration	(143,800)
Add: Deferred interest expenses	<u>15,200</u>
Net cash paid for the business combination	<u><u>141,549</u></u>

The subsidiary arranged to measure the fair value of the identifiable assets acquired and liabilities assumed including the contingent consideration as at the business combination date by an independent financial advisor, in order to allocate costs of the business combination to such identifiable items. The process is to be completed within the period of one year from the business combination date, in accordance with Thai Financial Reporting Standard No. 3 Business Combinations. At present, the subsidiary is in the process of assessing these fair values and will make retrospective adjustments to the provisional amounts recognised as at the business combination date when it obtains complete accounting information to be reported in the financial statements. Such adjustments might affect the subsequent fair value of identifiable assets acquired, liabilities assumed and contingent consideration, including the income presented in the consolidated statement of comprehensive income.

The subsidiary presented the excess of the cost of business combination over its net asset value from the business combination amounting to Baht 256 million, as a separate item in the consolidated statement of financial position as at 30 June 2023 under the caption of "Unallocated costs of business combination" as non-current assets.

1.3 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 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, 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 basis agreed upon between the Group and those related parties.

Summaries significant business transactions with related parties as follows.

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2023	2022	2023	2022	
<u>Transactions with the parent company</u>					
Service and project management income	6	5	-	-	Contract price
Sales	-	1	-	-	Market price
Land and buildings rental expenses	-	1	1	1	Contract price
Management fee	1	-	-	-	Contract price
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Service income	-	-	7	8	Contract price
Other income	-	-	1	-	Contract price
Dividend income	-	-	121	87	As declared
<u>Transactions with related parties</u>					
Service and project management income	148	38	-	-	Contract price
Real estate agency income	40	17	-	-	1% - 3% of selling price
Sales	123	21	-	-	Market price
Management fee	1	-	-	-	Contract price

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2023	2022	2023	2022	
<u>Transactions with the parent company</u>					
Service and project management income	9	7	-	-	Contract price
Sales	1	1	-	-	Market price
Land and buildings rental expenses	1	2	1	1	Contract price
Management fee	1	-	-	-	Contract price
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Service income	-	-	15	15	Contract price
Other income	-	-	1	-	Contract price
Dividend income	-	-	121	87	As declared
Administrative expenses	-	-	1	-	Contract price
<u>Transactions with related parties</u>					
Service and project management income	273	89	-	-	Contract price
Real estate agency income	57	19	-	-	1% - 3% of selling price
Sales	263	39	-	-	Market price
Management fee	1	-	-	-	Contract 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 June 2023	31 December 2022	30 June 2023	31 December 2022
	(Audited)	(Audited)	(Audited)	
<u>Trade and other receivables - related parties (Note 3)</u>				
Trade receivables				
Parent company	1,915	3,167	-	-
Subsidiaries	-	-	13,561	14,095
Related parties	127,476	96,198	1,271	405
Total trade receivables - related parties	129,391	99,365	14,832	14,500
Other receivables				
Parent company	2,541	780	-	-
Subsidiaries	-	-	121,629	311
Related parties	158,935	34,880	2	-
Total other receivables - related parties	161,476	35,660	121,631	311
Total trade and other receivables - related parties	290,867	135,025	136,463	14,811
<u>Trade and other payables - related parties (Note 6)</u>				
Trade payables				
Related parties	324	222	-	-
Total trade payables - related parties	324	222	-	-
Other payables				
Parent company	3,342	2,947	874	1,245
Subsidiaries	-	-	-	123
Related parties	29,590	10,275	199	52
Total other payables - related parties	32,932	13,222	1,073	1,420
Total trade and other payables - related parties	33,256	13,444	1,073	1,420
<u>Other current liabilities and other non-current liabilities</u>				
Related person	32,150	-	-	-
Total other current liabilities and other non-current liabilities	32,150	-	-	-
<u>Lease liabilities</u>				
Parent company	4,824	6,024	1,900	2,435
Total lease liabilities	4,824	6,024	1,900	2,435

(Unaudited but reviewed)

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 June
	2022	the period	the period	2023
Short-term loans to related parties				
Subsidiaries	69,000	339,000	(201,000)	207,000
Total	69,000	339,000	(201,000)	207,000

Directors and management's benefits

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

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Short-term employee benefits	7,667	6,165	5,900	6,165
Post-employment benefits	37	24	15	24
Total	7,741	6,189	5,915	6,189

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Short-term employee benefits	13,571	11,009	11,804	11,009
Post-employment benefits	73	48	51	48
Share-based payment	-	2	-	2
Total	13,644	11,059	11,855	11,059

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
		(Audited)		(Audited)
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	58,053	68,845	1,517	2,934
Past due				
Up to 3 months	64,544	14,820	5,741	8,059
3 - 6 months	5,662	21,835	4,533	3,507
6 - 12 months	1,750	750	3,041	-
Total	130,009	106,250	14,832	14,500
Less: Allowance for expected credit losses	(618)	(6,885)	-	-
Total trade receivables - related parties, net	129,391	99,365	14,832	14,500
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	119,497	23,952	-	-
Past due				
Up to 3 months	38,568	70,515	-	-
3 - 6 months	11,750	1,679	-	-
6 - 12 months	10,038	12,168	-	-
Over 12 months	5,556	5,753	-	-
Total	185,409	114,067	-	-
Less: Allowance for expected credit losses	(7,972)	(8,218)	-	-
Total trade receivables - unrelated parties, net	177,437	105,849	-	-
Total trade receivables - net	306,828	205,214	14,832	14,500
<u>Other receivables</u>				
Other receivables - related parties	1,102	-	121,095	131
Other receivables - unrelated parties	2,122	263	6	37
Interest receivables - related parties	-	-	330	58
Interest receivables - unrelated parties	1,725	-	1,705	-
Contract assets - related parties	160,374	35,660	206	122
Contract assets - unrelated parties	26,336	64,104	-	-
Advances payment	3,024	156	87	11
Prepaid expenses	13,110	5,241	1,215	729
Total other receivables	207,793	105,424	124,644	1,088
Less: Allowance for expected credit losses	(1,006)	(1,605)	-	-
Total other receivables - net	206,787	103,819	124,644	1,088
Total trade and other receivables - net	513,615	309,033	139,476	15,588

4. Other current financial assets

	Interest rate (% per annum)	Maturity date	(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements		financial statements	
			30 June 2023	31 December 2022	30 June 2023	31 December 2022
			(Audited)		(Audited)	
Investment in short-term certificate of deposit	1.7	January 2024	300,000	-	300,000	-
Investment in short-term debenture	1.8	November 2023	170,000	-	170,000	-
Others			10,072	-	-	-
Total other current financial assets			<u>480,072</u>	<u>-</u>	<u>470,000</u>	<u>-</u>

5. Investments in subsidiaries

The investments in subsidiaries that were accounted for in separate financial statements were no changes from the latest annual financial statements.

Dividend received

Companies	(Unit: Thousand Baht)	
	Dividend received for the six-month periods ended 30 June	
	2023	2022
Passion Realtor Company Limited	24,999	53,247
Uno Service Company Limited	6,000	13,951
Wyde Interior Company Limited	60,000	12,228
Primo Management Company Limited	8,000	-
Crown Residence Company Limited	10,000	7,155
Hampton Hotel and Residence Management Company Limited	12,000	-
Total	<u>120,999</u>	<u>86,581</u>

6. Trade and other payables

	(Unit: Thousand Baht)				
	Consolidated		Separate		
	financial statements		financial statements		
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	
			(Audited)		(Audited)
Trade payables - related parties	324	222	-	-	
Trade payables - unrelated parties	101,041	29,507	-	-	
Other payables - related parties	3,574	3,032	798	1,420	
Other payables - unrelated parties	19,317	2,286	2,045	1,278	
Contract liabilities - related parties	28,809	10,190	-	-	
Contract liabilities - unrelated parties	23,565	9,692	-	-	
Accrued expenses - related parties	549	-	275	-	
Accrued expenses - unrelated parties	107,203	26,437	916	2,314	
Total trade and other payables	<u>284,382</u>	<u>81,366</u>	<u>4,034</u>	<u>5,012</u>	

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 six-month periods ended 30 June 2023 and 2022 are made up as follows.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2023	2022	2023	2022
Current income tax:				
Interim corporate income tax charge	23,805	15,186	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(325)	(161)	(195)	(7)
Income tax expenses (income) reported in profit or loss	<u>23,480</u>	<u>15,025</u>	<u>(195)</u>	<u>(7)</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2023	2022	2023	2022
Current income tax:				
Interim corporate income tax charge	45,854	26,784	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(56)	(325)	(198)	2
Income tax expenses (income) reported in profit or loss	<u>45,798</u>	<u>26,459</u>	<u>(198)</u>	<u>2</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 the decrease in par value from Baht 10 each to Baht 0.50 each in accordance with a resolution of the Extraordinary General Meeting of the Company's shareholders on 22 July 2022, as if the change in the par value of the ordinary shares had been occurred at the beginning of the earliest period reported.

(Unaudited but reviewed)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Profit for the period (Thousand Baht)	91,676	51,938	117,392	81,564
Weighted average number of ordinary shares (Thousand shares)	320,000	107,000	320,000	107,000
Earnings per share (Baht)	0.29	0.49	0.37	0.76
	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Profit for the period (Thousand Baht)	179,527	96,282	108,758	77,730
Weighted average number of ordinary shares (Thousand shares)	320,000	107,000	320,000	107,000
Earnings per share (Baht)	0.56	0.90	0.34	0.73

9. Segment information

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

For management purposes, the Group is organised into business units based on its products and services and have four reportable segments as follows.

- Engineering consultation and design segment
- Real estate management segment
- Real estate after sales service segment
- Other segment is subsidiaries management service

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

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

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

9.1 The following tables present revenue and profit information regarding the Group's operating segments for the three-month and six-month periods ended 30 June 2023 and 2022.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June											
	Engineering consultation and design segment		Real estate management segment		Real estate after sales service segment		Other segment		Eliminations		Consolidated	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue												
Revenue from external customers	90,448	18,775	130,104	94,363	225,006	85,710	-	-	-	-	445,558	198,848
Inter-segment revenue	2,102	1,429	-	-	416	-	7,221	8,228	(9,739)	(9,657)	-	-
Total	<u>92,550</u>	<u>20,204</u>	<u>130,104</u>	<u>94,363</u>	<u>225,422</u>	<u>85,710</u>	<u>7,221</u>	<u>8,228</u>	<u>(9,739)</u>	<u>(9,657)</u>	<u>445,558</u>	<u>198,848</u>
Segment operating profit	22,747	1,834	70,135	64,122	48,209	20,863	7,018	8,034	(8,040)	(8,430)	140,069	86,423
Unallocated income and expenses:												
Other income											450	55
Administrative expenses											(29,792)	(19,439)
Finance income											4,797	34
Finance cost											(371)	(110)
Income tax expenses											(23,480)	(15,025)
Profit for the period											<u>91,673</u>	<u>51,938</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June											
	Engineering consultation and design segment		Real estate management segment		Real estate after sales service segment		Other segment		Eliminations		Consolidated	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue												
Revenue from external customers	139,532	43,030	251,453	169,982	450,417	155,258	-	-	-	-	841,402	368,270
Inter-segment revenue	4,277	2,338	-	-	899	34	15,448	14,739	(20,624)	(17,111)	-	-
Total	<u>143,809</u>	<u>45,368</u>	<u>251,453</u>	<u>169,982</u>	<u>451,316</u>	<u>155,292</u>	<u>15,448</u>	<u>14,739</u>	<u>(20,624)</u>	<u>(17,111)</u>	<u>841,402</u>	<u>368,270</u>
Segment operating profit	35,171	8,934	132,471	111,485	101,234	35,635	15,045	14,339	(16,944)	(15,079)	266,977	155,314
Unallocated income and expenses:												
Other income											522	1,032
Administrative expenses											(46,517)	(33,417)
Finance income											4,811	34
Finance cost											(486)	(222)
Income tax expenses											<u>(45,798)</u>	<u>(26,459)</u>
Profit for the period											<u>179,509</u>	<u>96,282</u>

9.2 Major customer

During three-month and six-month periods ended 30 June 2023, the Group had revenue from one major customer in amount of Baht 53 million and Baht 82 million, respectively (30 June 2022: the Group had revenue from two major customers in total amount of Baht 58 million and Baht 86 million, respectively).

10. Commitments and contingent liabilities

10.1 Capital commitments

As at 30 June 2023, the Group had capital commitments of approximately Baht 27.4 million relating to the acquisition of land (31 December 2022: Baht 35.4 million) (The Company only: Nil 31 December 2022: Nil).

10.2 Service commitments

As at 30 June 2023, 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 13.4 million (31 December 2022: Baht 4.3 million) (The Company only: Baht 1.4 million, 31 December 2022: Baht 1.3 million).

10.3 Guarantees

As at 30 June 2023, the subsidiary issued 1 - 3 years promissory notes in amount of Baht 66 million to guarantee the payment in accordance with the conditions of the entire business transfer agreement (31 December 2022: Nil).

11. 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.

12. Events after the reporting period

12.1 On 27 June 2023, the Board of Directors' Meeting passed a resolution to Passion Realtor Company Limited (subsidiary) to establish Passion Asset 360 Company Limited to engage in real estate agency, with a registered capital of Baht 5 million (0.5 million ordinary shares with a par value of Baht 10 each) in which Passion Realtor Company Limited's shareholding is 60 percent. Passion Asset Company Limited registered its incorporation with the Ministry of Commerce on 9 August 2023.

12.2 On 14 August 2023, the Board of Directors' Meeting of the Company passed a resolution to declare dividend payment of Baht 0.394 per share, totaling Baht 126 million.

13. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 August 2023.