**Primo Service Solutions Public Company Limited and its subsidiaries**

**Notes to interim consolidated financial statements**

**For the three-month period ended 31 March 2024**

**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 2023.

During the current period, there was change in the composition of the Group as follows.

Newly established subsidiary

| Investor | Subsidiary | Nature of business | Percentage of shareholding | Description | Amount |
| --- | --- | --- | --- | --- | --- |
|  |  |  | (%) |  | (Thousand Baht) |
| Passion Realtor Company Limited | Nomedic Butler Company Limited | Real estate agency | 55 | 10,000 ordinary shares which called up shares of Baht 60 per share | 330 |

**1.3 Accounting policies**

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 31 December 2023, and there were additional accounting policies as follows.

## Goodwill and intangible assets

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired and intangible assets acquired through business combination are initially recognised at their fair value on the date of business combination.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2024, 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 31 March | | | |  |
|  | Consolidated  financial statements | | Separate  financial statements | | Transfer pricing policy |
|  | 2024 | 2023 | 2024 | 2023 |
| Transactions with the parent company |  |  |  |  |  |
| Service and project management income | - | 3 | - | - | Contract price |
| Real estate agency income | 1 | - | - | - | Contract price |
| Sales | - | 1 | - | - | Market price |
| Land and buildings rental expenses | - | 1 | - | - | Contract price |
| Transactions with subsidiaries |  |  |  |  |  |
| (eliminated from the consolidated financial statements) |  |  |  |  |  |
| Service income | - | - | 8 | 8 | Contract price |
| Interest income | - | - | 3 | - | Contract price |
| Administrative expenses | - | - | - | 1 | Contract price |
| Transactions with related parties |  |  |  |  |  |
| Service and project management income | 110 | 125 | - | - | Contract price |
| Real estate agency income | 53 | 17 | - | - | Contract price |
| Sales | 82 | 140 | - | - | Market price |
| Land and buildings rental expenses | 1 | - | - | - | Contract price |
| Administrative expenses | 1 | - | - | - | Contract price |

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

|  |  | | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 31 March 2024 | 31 December 2023 | 31 March 2024 | 31 December 2023 |
|  |  | (Audited) |  | (Audited) |
| **Trade and other receivables - related parties (Note 3)** | |  |  |  |
| **Trade receivables** |  |  |  |  |
| Parent company | 924 | 403 | - | - |
| Subsidiaries | - | - | 23,986 | 27,358 |
| Related parties | 378,635 | 301,955 | - | 289 |
| Total trade receivables - related parties | 379,559 | 302,358 | 23,986 | 27,647 |
| **Other receivables** |  |  |  |  |
| Parent company | 3,291 | 3,400 | - | - |
| Subsidiaries | - | - | 5,895 | 283,244 |
| Related parties | 261,684 | 278,528 | 450 | 1 |
| Total other receivables - related parties | 264,975 | 281,928 | 6,345 | 283,245 |
| Total trade and other receivables - related parties | 644,534 | 584,286 | 30,331 | 310,892 |
|  | |  |  |  |
| **Trade and other payables - related parties (Note 6)** | |  |  |  |
| **Trade payables** |  |  |  |  |
| Related parties | 1,032 | 1,200 | - | - |
| Total trade payables - related parties | 1,032 | 1,200 | - | - |
| **Other payables** |  |  |  |  |
| Parent company | 6,130 | 5,724 | 2,007 | 1,570 |
| Subsidiaries | - | - | 100 | 41 |
| Related parties | 23,519 | 64,937 | 560 | 217 |
| Total other payables - related parties | 29,649 | 70,661 | 2,667 | 1,828 |
| Total trade and other payables - related parties | 30,681 | 71,861 | 2,667 | 1,828 |
|  |  |  |  |  |
| **Other current liabilities and other non-current liabilities** | |  |  |  |
| Related parties | 1,831 | 1,831 | - | - |
| Related person | 31,711 | 31,416 | - | - |
| Total other current liabilities and other non-current liabilities | 33,542 | 33,247 | - | - |
|  |  |  |  |  |
| **Lease liabilities** |  |  |  |  |
| Parent company | 2,914 | 3,554 | 1,068 | 1,349 |
| Related parties | 4,849 | 5,372 | - | - |
| Total lease liabilities | 7,763 | 8,926 | 1,068 | 1,349 |

Short-term loans to related parties

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Separate financial statements | | | |
|  | Balance as at |  |  | Balance as at |
|  | 1 January 2024 | Increase during the period | Decrease during the period | 31 March 2024 |
| **Short-term loans to related parties** |  |  |  |  |
| Subsidiaries | 335,000 | 369,000 | - | 704,000 |
| Total | 335,000 | 369,000 | - | 704,000 |

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 31 March | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2024 | 2023 | 2024 | 2023 |
| Short-term employee benefits | 9,370 | 5,904 | 3,958 | 5,904 |
| Post-employment benefits | 477 | 36 | 245 | 36 |
| Total | 9,847 | 5,940 | 4,203 | 5,940 |

**3. Trade and other receivables**

|  |  | | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 31 March 2024 | 31 December 2023 | 31 March 2024 | 31 December 2023 |
|  |  | (Audited) |  | (Audited) |
| Trade receivables - related parties |  |  |  |  |
| Aged on the basis of due dates |  |  |  |  |
| Not yet due | 64,261 | 100,008 | 2,306 | 2,234 |
| Past due |  |  |  |  |
| Up to 3 months | 166,044 | 172,409 | 6,183 | 10,314 |
| 3 - 6 months | 123,697 | 29,340 | 5,448 | 3,200 |
| 6 - 12 months | 26,032 | 1,669 | 7,549 | 9,060 |
| Over 12 months | 593 | - | 2,500 | 2,839 |
| Total | 380,627 | 303,426 | 23,986 | 27,647 |
| Less: Allowance for expected credit losses | (1,068) | (1,068) | - | - |
| Total trade receivables - related parties, net | 379,559 | 302,358 | 23,986 | 27,647 |
| Trade receivables - unrelated parties |  |  |  |  |
| Aged on the basis of due dates |  |  |  |  |
| Not yet due | 99,029 | 35,175 | - | - |
| Past due |  |  |  |  |
| Up to 3 months | 60,331 | 67,464 | - | - |
| 3 - 6 months | 26,608 | 58,515 | - | - |
| 6 - 12 months | 54,781 | 12,055 | - | - |
| Over 12 months | 14,082 | 9,222 | - | - |
| Total | 254,831 | 182,431 | - | - |
| Less: Allowance for expected credit losses | (15,613) | (12,626) | - | - |
| Total trade receivables - unrelated parties, net | 239,218 | 169,805 | - | - |
| Total trade receivables - net | 618,777 | 472,163 | 23,986 | 27,647 |
| Other receivables |  |  |  |  |
| Other receivables - related parties | 713 | - | 32 | 280,424 |
| Other receivables - unrelated parties | 1,402 | 605 | 15 | 15 |
| Interest receivables - related parties | - | - | 4,992 | 2,469 |
| Interest receivables - unrelated parties | 130 | 4,476 | 115 | 4,460 |
| Contract assets - related parties | 264,262 | 281,928 | 1,321 | 352 |
| Contract assets - unrelated parties | 137,408 | 24,982 | - | - |
| Advances payment | 9,177 | 5,060 | 16 | 134 |
| Prepaid expenses | 12,692 | 8,878 | 1,687 | 942 |
| Total other receivables | 425,784 | 325,929 | 8,178 | 288,796 |
| Less: Allowance for expected credit losses | (1,176) | (1,176) | - | - |
| Total other receivables - net | 424,608 | 324,753 | 8,178 | 288,796 |
| Total trade and other receivables - net | 1,043,385 | 796,916 | 32,164 | 316,443 |

**4. Other financial assets**

|  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 31 March 2024 | 31 December 2023 | 31 March 2024 | 31 December 2023 |
|  |  | (Audited) |  | (Audited) |
| Debt instruments at amortised cost |  |  |  |  |
| Investments in certificate of deposit | 100,000 | 300,000 | 100,000 | 300,000 |
| Debt instruments at FVTPL |  |  |  |  |
| Investment in short-term debenture | - | 170,000 | - | 170,000 |
| Investment in RealX investment token | 96,777 | 96,777 | 96,777 | 96,777 |
| Equity instruments at FVTPL |  |  |  |  |
| Investment in short-term equity instrument | 9,413 | 9,953 | - | - |
| Others | 300 | 300 | - | - |
| Total other financial assets | 206,490 | 577,030 | 196,777 | 566,777 |
|  |  |  |  |  |
| Current | 9,413 | 479,953 | - | 470,000 |
| Non-current | 197,077 | 97,077 | 196,777 | 96,777 |
| Total other financial assets | 206,490 | 577,030 | 196,777 | 566,777 |

**5. Investments in subsidiaries**

5.1The investments in subsidiaries that were accounted for in separate financial statements were no changes from the latest annual financial statements.

During the three-month periods ended 31 March 2024 and 2023, there was no dividend received from the subsidiaries.

5.2 The fair value measurement of the identifiable assets acquired and liabilities assumed including the contingent consideration from the business combination by entire business transfer of ProjectsAsia Limited

During the current period, United Project Management Company Limited (subsidiary) has completed the process of measuring the fair value of the identifiable assets acquired and liabilities assumed including the contingent consideration as at the date of the business combination of ProjectsAsia Limited (22 June 2023). The details were as follows.

| (Unit: Thousand Baht) | |
| --- | --- |
| Cash and cash equivalents | 12,451 |
| Trade and other receivables | 46,748 |
| Other current assets | 10,627 |
| Equipment | 1,995 |
| Right-of-use assets | 4,920 |
| Intangible assets | 72,145 |
| Other non-current assets | 9,733 |
| Trade and other payables | (21,094) |
| Other current liabilities | (4,174) |
| Lease liabilities | (5,725) |
| Provision for long-term employee benefits | (31,513) |
| Deferred tax liabilities | (14,085) |
| Net assets from the business combination | 82,028 |
| Add: Goodwill | 195,073 |
| Cost of the business combination | 277,101 |
| Less: Cash and cash equivalents of ProjectsAsia Limited | (12,451) |
| The fair value of contingent consideration | (132,168) |
| Add: Deferred interest expenses | 9,067 |
| Cash paid as at the date of the business combination | 141,549 |

**6. Trade and other payables**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (Unit: Thousand Baht) | | | | | |
|  | Consolidated financial statements | | | Separate financial statements | | |
|  | 31 March | 31 December | 31 March | | 31 December | |
|  | 2024 | 2023 | 2024 | | 2023 | |
|  |  | (Audited) |  | | (Audited) | |
| Trade payables - related parties | 1,032 | 1,200 | - | | - | |
| Trade payables - unrelated parties | 72,482 | 83,796 | - | | - | |
| Other payables - related parties | 8,525 | 7,896 | 2,502 | | 1,828 | |
| Other payables - unrelated parties | 15,479 | 14,093 | 412 | | 938 | |
| Contract liabilities - related parties | 20,298 | 62,763 | - | | - | |
| Contract liabilities - unrelated parties | 30,292 | 35,985 | - | | - | |
| Accrued expenses - related parties | 826 | 2 | 165 | | - | |
| Accrued expenses - unrelated parties | 251,917 | 217,105 | 1,111 | | 586 | |
| Total trade and other payables | 400,851 | 422,840 | 4,190 | | 3,352 | |

**7. Long-term loans**

|  | (Unit: Thousand Baht) | |
| --- | --- | --- |
|  | Consolidated financial statements | |
|  | 31 March 2024 | 31 December 2023 |
|  |  | (Audited) |
| Long-term loans | 41,778 | 41,927 |
| Less: Current portion | (8,447) | (4,574) |
| Long-term loans, net of current portion | 33,331 | 37,353 |

Movements of the long-term loans for the three-month period ended 31 March 2024 are summaries below.

|  |  |
| --- | --- |
| (Unit: Thousand Baht) | |
|  | Consolidated financial statements |
| Balance as at 1 January 2024 | 41,927 |
| Repayment | (149) |
| Balance as at 31 March 2024 | 41,778 |

The loans were secured by the mortgages of the subsidiary’s property, plant and equipment and secured by the parent company of the Group, related party and subsidiary’s directors. The loan agreements contain several covenants which the Group required to maintain as described in the agreements.

**8. Income tax**

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

Income tax expenses (benefits) are made up as follows.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | |  | | (Unit: Thousand Baht) | | |
|  | For the three-month periods ended 31 March | | | | | | |
|  | Consolidated  financial statements | | | | Separate  financial statements | | |
|  | 2024 | | 2023 | 2024 | | 2023 | |
| **Current income tax:** |  | |  |  | |  | |
| Interim corporate income tax charge | 21,874 | | 22,049 | - | | - | |
| **Deferred tax:** |  | |  |  | |  | |
| Relating to origination and reversal of temporary differences | 208 | | 269 | 185 | | (3) | |
| **Income tax expenses (benefits) reported in profit or loss** | 22,082 | | 22,318 | 185 | | (3) | |

# 9. Segment information

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

The following tables present revenue and profit information regarding the Group’s operating segments.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (Unit: Thousand Baht) | | | | | | | | | | | | |
|  | For the three-month periods ended 31 March | | | | | | | | | | | |
|  | Engineering consultation and design segment | | Real estate management segment | | Real estate after sales service segment | | Other segment | | Eliminations | | Consolidated | |
|  | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenue |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue from external customers | 105,388 | 49,084 | 133,052 | 121,349 | 177,252 | 225,411 | 450 | - | - | - | 416,142 | 395,844 |
| Inter-segment revenue | 138 | 2,175 | 81 | - | 128 | 483 | 7,554 | 8,227 | (7,901) | (10,885) | - | - |
| Total | 105,526 | 51,259 | 133,133 | 121,349 | 177,380 | 225,894 | 8,004 | 8,227 | (7,901) | (10,885) | 416,142 | 395,844 |
| Segment operating profit | 25,864 | 12,424 | 72,043 | 62,336 | 54,273 | 53,025 | 7,825 | 8,027 | (7,790) | (8,904) | 152,215 | 126,908 |
| Unallocated income and expenses: |  |  |  |  |  |  |  |  |  |  |  |  |
| Other income |  |  |  |  |  |  |  |  |  |  | 157 | 72 |
| Administrative expenses |  |  |  |  |  |  |  |  |  |  | (48,202) | (16,725) |
| Finance income |  |  |  |  |  |  |  |  |  |  | 564 | 14 |
| Finance cost |  |  |  |  |  |  |  |  |  |  | (2,244) | (115) |
| Income tax expenses |  |  |  |  |  |  |  |  |  |  | (22,082) | (22,318) |
| Profit for the period | |  |  |  |  |  |  |  |  |  | 80,408 | 87,836 |

**10. Commitments and contingent liabilities**

**10.1 Service commitments**

The Group has entered into service agreements. The terms of the agreements are generally between 1 - 4 years. As at 31 March 2024, future minimum lease payments required under these non-cancellable service contracts amounting to Baht 9.8 million (31 December 2023: Baht 11.2 million) (The Company only: Baht 1.3 million, 31 December 2023: Baht 1.7 million).

**10.2 Guarantees**

1. As at 31 March 2024 and 31 December 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.
2. As at 31 March 2024, there was outstanding bank guarantee of approximately Baht 9 million issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business (31 December 2023: Baht 2 million).

# 11. Financial instruments

**11.1 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.

**11.2 Fair value hierarchy**

As at 31 March 2024, the Group had the financial assets amounting to Baht 97 million that were measured at fair value with hierarchy level 3.

During the current period, there were no changes in the methods and the assumptions used to estimate the fair value of financial instruments and there were no transfers between the levels of the fair value hierarchy.

**12. Events after the reporting period**

On 23 April 2024, the Annual General Meeting of the Company’s Shareholders passed a resolution to declare a dividend payment at Baht 1.031 per share, amounting to Baht 330 million.

**13. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company’s Board of Directors on 14 May 2024.