

Big Camera Corporation Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

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

1. General information

1.1 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic significantly affects the Group's business activities in terms of goods distribution including with the slowdown of customers' purchasing demand, and this is significantly impacting the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets and has used estimates and judgement in respect of various issues as the situation has evolved.

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 included the financial statements of Big Camera Corporation Public Company Limited ("the Company") and its subsidiaries ("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 the composition of the Group 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 period, 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 among the Group and those related parties.

(Unit: Thousand Baht)

	For the three-month periods ended				
	30 September				
	Consolidated		Separate		Transfer pricing policy
	financial	financial	financial	financial	
	statements	statements	statements	statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
<u>Transactions with subsidiaries</u>					
Purchases of goods	-	-	97,439	10,327	Mutual agree prices
Hire of work	-	-	1,710	436	Contract prices
Sales of goods	-	-	24	10	Mutual agree prices
Repair fee paid	-	-	589	315	Mutual agree prices
Rental income	-	-	140	112	Contract prices
Management income	-	-	682	364	Contract prices
Revenue from sales supporting promotion	-	-	2,380	684	Contract prices
Interest income	-	-	107	30	1.21% per annum
Other expenses	-	-	956	28	Contract prices
<u>Transactions with related parties</u>					
Rental fee paid	1,013	814	1,013	814	Contract prices
<u>Transactions with shareholders and director</u>					
Rental fee paid	829	669	829	669	Contract prices

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September				
	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
<u>Transactions with subsidiaries</u>					
Purchases of goods	-	-	213,906	36,773	Mutual agree prices
Hire of work	-	-	4,316	2,493	Contract prices
Sales of goods	-	-	319	143	Mutual agree prices
Repair fee paid	-	-	1,640	950	Mutual agree prices
Rental income	-	-	419	391	Contract prices
Management income	-	-	1,970	1,258	Contract prices
Revenue from sales supporting promotion	-	-	4,988	1,369	Contract prices
Interest income	-	-	317	37	1.21% per annum
Other expenses	-	-	1,206	116	Contract prices
<u>Transactions with related parties</u>					
Rental fee paid	3,039	2,849	3,039	2,849	Contract prices
<u>Transactions with shareholders and director</u>					
Rental fee paid	2,487	2,298	2,487	2,298	Contract prices

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
		(Audited)		(Audited)
<u>Trade and other receivables - subsidiaries (Note 3)</u>				
Trade receivables	-	-	177	79
Other receivables	-	-	591	560
Accrued revenue	-	-	2,653	557
Advance payments for goods	-	-	45,077	-
Interest receivable	-	-	-	84
Total	-	-	48,498	1,280

(Unaudited but reviewed)

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
			financial statements	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
<u>Deposits paid to related parties</u>				
Related party (related by common shareholders)	921	921	921	921
Shareholders and director	685	685	685	685
Total	1,606	1,606	1,606	1,606
<u>Trade and other payable - related parties</u>				
(Note 9)				
Trade payables - subsidiaries	-	-	2,854	15,398
Total	-	-	2,854	15,398

Directors and management's benefits

	(Unit: Thousand Baht)			
	Consolidated financial statements/		Separate financial statements	
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	9,159	9,166	27,291	25,831
Post-employment benefits	572	518	1,671	1,507
Total	9,731	9,684	28,962	27,338

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
<u>Trade receivables</u>				
Trade receivables - related parties (Note 2)	-	-	177	79
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	10,331	11,603	7,541	9,338
Past due				
Up to 3 months	1,364	5,140	923	4,907
3 - 6 months	-	102	-	102
Total trade receivables	11,695	16,845	8,641	14,426
<u>Other receivables</u>				
Other receivables - related party (Note 2)	-	-	591	560
Other receivables - unrelated parties	935	569	935	569
Prepaid expenses	5,888	2,820	5,227	2,357
Accrued revenue from sales supporting promotion	33,385	44,359	31,173	43,896
Accrued revenue - related party (Note 2)	-	-	2,653	557
Interest receivables	561	16	557	16
Interest receivable - related party (Note 2)	-	-	-	84
Advance payments for goods	52,394	7,483	6,066	380
Advance payments for goods - related party (Note 2)	-	-	45,077	-
Others	5,257	2,056	3,179	1,814
Total other receivables	98,420	57,303	95,458	50,233
Less: Allowance for expected credit loss	(3,250)	(12,478)	(3,250)	(12,478)
Total other receivables, net	95,170	44,825	92,208	37,755
Total trade and other receivables - net	106,865	61,670	100,849	52,181

(Unaudited but reviewed)

During the second quarter of 2022, the Company already received accrued revenue from sales supporting promotion from its vendor. The Company therefore reversed allowance for expected credit loss previously recorded in the account amounting Baht 10.8 million and included such amount in other income in the statement of comprehensive income.

4. Reduction of cost to net realisable value of inventories

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2022	248,172
Less: Reversal of reduction cost to net realisable value of inventories during the period	(28,843)
Balance as at 30 September 2022	219,329

5. Other current financial assets

The balances represent fixed deposit receipt (FDR) which carries interest rate between 1.05 and 1.35 percent per annum.

6. Building and equipment

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2022	105,868	97,749
Acquisitions during the period, at cost	21,720	15,945
Disposal/written-off during the period, net book value at disposal/written-off date	(2,962)	(2,962)
Depreciation for the period	(33,665)	(30,970)
Transfer in from right-of-use assets (Note 7)	32	32
Reversal of allowance for impairment	844	844
Net book value as at 30 September 2022	91,837	80,638

(Unaudited but reviewed)

7. Right-of-use assets

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2022	793,524
Add: New lease contracts during the period	14,145
Change in lease fee estimation	34,544
Less: Depreciation for the period	(188,699)
Contracts termination due to branch closures during the period	(11,864)
Transfer out to equipment (Note 6)	(32)
Change in provision for decommissioning costs	(257)
Balance as at 30 September 2022	641,361

8. Other non-current assets

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	30 September 2022	31 December 2021
		(Audited)
Deposit for lease and others	113,476	121,126
Others	559	616
Total	114,035	121,742

(Unaudited but reviewed)

9. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
Trade payables - related parties				
(Note 2)	-	-	2,854	15,398
Trade payables - unrelated parties	279,007	223,123	278,791	222,486
Other payables	41,616	53,890	39,267	52,217
Accrued expenses	29,384	20,623	25,021	18,488
Others	4,037	2,635	2,971	2,313
Total	354,044	300,271	348,904	310,902

10. Lease liabilities

Lease liabilities as at 30 September 2022 are presented below.

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
Lease payments	614,866
Less: Deferred interest expenses	(21,626)
Total	593,240
Less: Portion due within one year	(216,824)
Lease liabilities - net of current portion	376,416

(Unaudited but reviewed)

Movements in lease liabilities during the nine-month period ended 30 September 2022 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2022	734,393
Add: New lease contracts during the period	14,145
Accretion of interest during the period	8,077
Change in lease fee estimations	34,544
Less: Payments during the period	(150,246)
Contracts termination due to branch closures during the period	(12,039)
Reduction in lease payments by lessors	(35,634)
Balance as at 30 September 2022	593,240

11. 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.

Tax income (expenses) 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	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax:				
Current income tax charge	906	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(241)	(1,987)	(241)	(1,987)
Income tax (income) expenses reported in the statement of comprehensive income	<u>665</u>	<u>(1,987)</u>	<u>(241)</u>	<u>(1,987)</u>

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax:				
Current income tax charge	2,833	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	6,810	(3,793)	6,810	(3,793)
Income tax (income) expenses reported in the statement of comprehensive income	<u>9,643</u>	<u>(3,793)</u>	<u>6,810</u>	<u>(3,793)</u>

12. Segment information

The three principal operating segments of the Group are the distribution of cameras and photography-related products segment, the distribution of mobile phones segment and the photographic lab service segment. However, the distribution of mobile phones segment and the photographic lab services segment are not material. Their operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

13. Commitments and contingent liabilities

13.1 Capital commitments

As at 30 September 2022, the Group had capital commitments of approximately Baht 12 million (Separate financial statements: Baht 10 million), relating to the purchase of equipment and installation of computer software.

13.2 Guarantees

As at 30 September 2022, the Company had outstanding bank guarantees of approximately Baht 62 million issued by banks on behalf of the Company as required in the normal course of business.

13.3 Litigation

In November 2019, the Company received a writ of summons because it was a guarantor under the overdraft agreement of a former subsidiary the Company had acquired through a reverse acquisition in 2014. This subsidiary had defaulted on payment of its loan to the bank. As a result, the Company, as the guarantor, was sued by the bank and was demanded to settle the principal and interest thereon totaling Baht 9.7 million. However, the legal advisor and the management believe that the Company has no obligations in respect of the guarantee because the obligation arising from this guarantee was included in the rehabilitation process of that business, and the bank opted to receive the loan payment from this subsidiary. Subsequently, the subsidiary completed the business rehabilitation plan, and the Central Bankruptcy Court ordered the cancellation of the business rehabilitation plan as requested before the Company proceeded with the business combination under the reverse acquisition. Furthermore, on 25 December 2020, the Court of First Instance considered the case and dismissed the case. On 23 November 2021, the Court of Appeal upheld the judgment of the Court of First Instance but did not preclude the right to file a suit with the Central Bankruptcy Court. In October 2022, the Supreme Court received the bank's petition and the Company's answer brief. Currently, the case is under the consideration of the Supreme Court. However, after careful consideration, the management of the Company believes that it will not incur any losses, and therefore, no provision has been recorded in its accounts.

14. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 November 2022.