

**Neo Corporate Co., Ltd. and its subsidiary**  
**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 the 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 interim financial statements.

**1.2 Basis of consolidation**

The interim consolidated financial statements include the financial statements of Neo Corporate Co., Ltd. ("the Company") and its subsidiary company "(the subsidiary)" (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, with no changes in the shareholding structure of the subsidiary during the current period.

**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.

(Unaudited but reviewed)

## 2. Related party transactions

During the period, the Group had significant business transactions with related parties. Such transactions arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties, with no significant changes in the pricing policy of related party transactions.

Significant related party transactions are summarised below.

(Unit: Million Baht)

	Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2023	2022	2023	2022
<u>Transactions with subsidiary company</u> (eliminated from the consolidated financial statements)				
Other income	1	2	2	3
Purchases of goods	1,482	1,422	3,156	2,911
Promotion expenses	89	86	189	175
Other service expenses	3	3	6	6
Warehouse rental and service expenses	9	9	18	18

The balances of the accounts between the Company and the related company are as follows:

(Unit: Thousand Baht)

	30 June 2023	31 December 2022
		(Audited)
<b><u>Balances with subsidiary</u></b>		
Trade and other receivable (Note 3)	383,566	192,559
Other non-current assets	3,052	3,052
Trade and other payable	1,451,711	1,296,519
Lease liabilities	150,175	166,807
<b><u>Balances with management and directors</u></b>		
Lease liabilities	884	1,164

(Unaudited but reviewed)

### Directors and management's benefits

During the period, the Group had employee benefit expenses to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Short-term employee benefits	26	32	26	28
Post-employment benefits	2	3	2	3
Total	28	35	28	31

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Short-term employee benefits	52	63	52	55
Post-employment benefits	5	7	5	6
Total	57	70	57	61

### Guarantee obligations with related party

The Company has outstanding guarantee obligations with its subsidiary, as disclosed in Note 11.3 (1) to the interim consolidated financial statements.

### **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 - subsidiary</u>				
Aged on the basis of due dates				
Not yet due	-	-	26	-
Total trade receivables - subsidiary	-	-	26	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
		(Audited)		(Audited)
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,368,295	1,367,302	1,368,295	1,367,302
Past due				
Up to 3 months	362,805	524,023	362,805	524,023
3 - 6 months	468	-	468	-
6 - 12 months	-	-	-	-
Over 12 months	4,284	4,479	4,284	4,479
Total	1,735,852	1,895,804	1,735,852	1,895,804
Less: Allowance for expected credit losses	(5,655)	(5,850)	(5,655)	(5,850)
Total trade receivables - unrelated parties, net	1,730,197	1,889,954	1,730,197	1,889,954
Total trade receivable - net	1,730,197	1,889,954	1,730,223	1,889,954
<u>Other receivables</u>				
Other receivable - subsidiary	-	-	383,540	192,559
Other receivables - unrelated parties	16,572	38,813	1,983	1,267
Total other receivables	16,572	38,813	385,523	193,826
Trade and other receivables - net	1,746,769	1,928,767	2,115,746	2,083,780

#### 4. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2023	3,085,412	980,205
Additions during the period - cost	568,019	442,383
Transfer from computer software	1,009	1,009
Capitalised borrowing costs	2,830	2,830
Disposals during the period - net book value	(582)	(92)
Depreciation for the period	(152,918)	(30,040)
Net book value as at 30 June 2023	3,503,770	1,396,295

(Unaudited but reviewed)

On 25 April 2023, a windstorm occurred at the subsidiary's factory, resulting in an adverse effect on inventories and assets which were partially damaged. The subsidiary has assessed the caused damage of Baht 25 million which was recognised as administrative expenses of this quarter. Subsequently, in August 2023, the subsidiary received a written notice of insurance claims of Baht 22 million. The subsidiary will present the insurance claims net of administrative expenses which was recognised in the consolidated income statement in the third quarter of the current year.

The Group has mortgaged its land, buildings and equipment with net book value amounting to Baht 2,649.6 million (31 December 2022: Baht 2,060.7 million) and of the Company only amounting to Baht 1,185.1 million (31 December 2022: Baht 547.0 million) to secure the credit facilities received from banks as disclosed in Note 5 and Note 6 to the interim consolidated financial statements and to secure bank credit facilities of its subsidiary.

#### 5. Short-term loans from banks

Short-term loans for banks are secured by the mortgage of certain land with constructions thereon of the Group and the subsidiary's machinery, corporate guarantee by the subsidiary and the guarantee by the Company's director. The loan agreements contain several covenants as specified in the agreement that, among other things, require the Company and its subsidiary to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreement.

#### 6. Long-term loans

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Beginning balance as at 1 January 2023	912,550	208,440
Add: Addition borrowings	414,368	414,368
Less: Repayment	(101,700)	(19,860)
Ending balance as at 30 June 2023	1,225,218	602,948
Less: Current portion	(203,200)	(39,720)
Long-term loans - net of current portion	<u>1,022,018</u>	<u>563,228</u>

The loans have been secured by the mortgage of the Group's land with constructions thereon, the Group's machinery and equipment, its subsidiary's investment property and guaranteed by the subsidiary and the Company's director. The loan agreements contain several covenants as specified in the agreements that, among other things, require the Company and its subsidiary to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

(Unaudited but reviewed)

## 7. Lease liabilities

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 1 January 2023	35,118	196,475
Additions	2,982	2,033
Accretion of interest	650	2,207
Payments	(10,350)	(26,968)
As at 30 June 2023	28,400	173,747
Less: current portion	(15,381)	(46,323)
Lease liabilities - net of current portion	13,019	127,424

## 8. Income tax

Interim income tax was charged by profit before income tax multiplied by projected average tax rate of the year.

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<b>Current income tax:</b>				
Interim income tax charge	44,616	18,441	25,598	14,322
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary difference	(4,768)	(2,114)	(1,544)	(493)
<b>Income tax expenses reported in profit or loss</b>	<u>39,848</u>	<u>16,327</u>	<u>24,054</u>	<u>13,829</u>

	(Unit: Thousand Baht)			
	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<b>Current income tax:</b>				
Interim income tax charge	98,422	51,489	56,223	32,183
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary difference	(9,643)	(10,755)	2,616	(2,784)
<b>Income tax expenses reported in profit or loss</b>	<u>88,779</u>	<u>40,734</u>	<u>58,839</u>	<u>29,399</u>

(Unaudited but reviewed)

## 9. Segment information

The Group are principally engaged in the manufacture and distribution of consumer products.

### Geographic information

Revenue from external customers is based on locations of the customers for the three-month and six-month periods ended 30 June 2023 and 2022 as below.

(Unit: Million Baht)

	Consolidated/Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2023	2022	2023	2022
Revenue from local sales	1,978	1,681	4,000	3,326
Revenue from export sales	317	271	573	554
Total	2,295	1,952	4,573	3,880

Revenue from export sales was mainly from sales to customers in the CLMV countries that are Cambodia, Laos, Myanmar and Vietnam.

## 10. Dividends

Dividends	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Annual dividends for 2021	Annual General Meeting of the shareholders on 29 April 2022	269	121.00
Total dividends for 2022		269	121.00
Annual dividends for 2022	Annual General Meeting of the shareholders on 20 April 2023	569	256.10
Total dividends for 2023		569	256.10

(Unaudited but reviewed)

## 11. Commitments and contingent liabilities

### 11.1 Capital commitments

The Group had capital commitments to construction and decoration of buildings, acquisition of machinery and equipment and office equipment and software development as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
		(Audited)		(Audited)
Construction and decoration of buildings	57	434	36	396
Acquisition of machinery and equipment and office equipment	90	192	53	120
Software development	5	3	1	3

### 11.2 Long-term agreement commitment

The subsidiary has a commitment from a power purchase and sale agreement with a private company as disclosed in Note 28.3 to the consolidated financial statements for the year 2022.

On 20 May 2023, the subsidiary entered into an amendment to the above agreement that was originally entered into in 2022. The amendment concerns the cancellation of the minimum guaranteed purchase volume of electricity each year, as well as the cancellation of the extended contractual term until the minimum purchase volume is met in case the subsidiary was unable to meet the minimum purchase volume in each year. At present, the systems are under installation.

The Group paid electricity charges as below.

	(Unit: Million Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Electricity charges	1.9	1.8	-	0.1

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Electricity charges	4.1	3.4	-	0.3

### 11.3 Guarantees

- (1) As at 30 June 2023, the Company has guaranteed bank credit facilities of the subsidiary amounting to Baht 4,017.9 million and USD 5.0 million (31 December 2022: Baht 4,017.9 million and USD 5.0 million).
- (2) As at 30 June 2023, the Group had the outstanding guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 5.5 million (31 December 2022: Baht 5.0 million) and of the Company only amounting to Baht 0.5 million (31 December 2022: Baht 0.5 million) to guarantee electricity use.

### 12. Litigation

During the current period, there has been no significant progress with respect to the litigation in addition to those as disclosed in Note 29 to the consolidated financial statements for the year 2022.

### 13. Events after the reporting period

On 9 August 2023, the Board of Directors' meeting of the Company No.5/2566 passed the following resolutions.

- (1) Approved the payment of the interim dividend for the 2023 operations to the Company's shareholders at the rate of Baht 90.10 per share, a total of Baht 200 million. The dividend will be paid in August 2023, and it will be recorded in the third quarter of the current year.
- (2) Approved the proposal to the Extraordinary General Meeting of Shareholders regarding the following matters.
  - 2.1 To approve the proposal to register the change of the Company's status from a limited company to a public limited company and to change the Company's name from "Neo Corporate Co., Ltd." to "Neo Corporate Public Company Limited".

(Unaudited but reviewed)

- 2.2 To approve the proposal to change the par value of the Company's ordinary shares from Baht 100 per share to Baht 1 per share. This change will result in an increase in the number of ordinary shares (prior to the registered capital increase) from 2.22 million shares to 222 million shares.
- 2.3 To approve the proposal to increase the registered share capital of the Company from Baht 222 million (222 million ordinary shares of Baht 1 each) to Baht 300 million (300 million ordinary shares of Baht 1 each) through the issuance of an 78 additional million ordinary shares of Baht 1 each to be reserved for an Initial Public Offering (IPO) and will also be offered to the public, directors, management and/or employees of the Company and the subsidiary in accordance with the additional Company's shares to directors, management and employees of the Company and the subsidiary ("ESOP"), as well as to the patronage of the Company and/or the subsidiary.
- 2.4 To approve the issue and allocation of the additional Company's shares to directors, management and employees of the Company and the subsidiary ("ESOP"). The details are as follows:

Five million new ordinary shares will be allocated to the directors, management and employees who meet the eligibility criteria of being directors, management and/or employees of the Company and its subsidiary until the date of exercising the right to subscribe for the additional ordinary shares of the Company. The offering price for these shares will not be lower than 90% of the Initial Public Offering Price.

These resolutions are subject to the approval of the Company's Extraordinary General Meeting of Shareholders, which is scheduled to be held on 25 August 2023.

#### 14. Reclassifications

Certain amounts in the income statement for the three-month and six-month periods ended 30 June 2022 have been reclassified to conform to the current period's classification. The reclassifications are as follows.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June 2022			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Selling and distribution expenses	410,456	392,675	315,814	298,033
Administrative expenses	209,266	227,047	152,641	170,422

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month periods ended 30 June 2022

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Selling and distribution expenses	801,551	765,710	608,481	572,640
Administrative expenses	424,292	460,133	307,686	343,527

The reclassifications had no effect to previously reported net profit or shareholders' equity.

#### **15. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 August 2023.