Grant Thornton

Independent Auditor's Report and Financial Statements of

# Bitazza Company Limited

For the Year Ended 31 December 2022

Grant Thornton

# INDEPENDENT AUDITOR'S REPORT

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**To the Shareholders of Bitazza Company Limited**

*Opinion*

I have audited the financial statements of Bitazza Company Limited (the Company), which comprise the statement of financial position as at 31 December 2022, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, which include significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Bitazza Company Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

*Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by Federation of Accounting Professions (TFAC Code) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the TFAC Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

*Responsibilities of management for the financial statements*

The management are responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

*Auditor's responsibilities for the audit of the financial statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

**Luxsamee Deetrakulwattanapol**
Certified Public Accountant
Registration No. 9056

Grant Thornton Limited
Bangkok
15 August 2024

BITAZZA COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

ASSETS

| | Notes | Baht 31 December 2022 | Baht 31 December 2021 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7 | 156,598,481 | 21,692,386 |
| Restricted cash deposit with custodian | 7.1 | 6,800,000 | - |
| Loan to related parties | 6 | 51,800,661 | - |
| Trade and other receivables - related parties | 6 | 9,533,373 | - |
| Advance to related parties | 6 | 29,701,390 | 14,781,046 |
| Customer custodial funds held by the Company | 8 | 1,496,855,981 | 5,184,087,302 |
| Custodial funds held by the Company - related parties | 6 | 482,575,705 | 158,468,145 |
| Digital assets | 9 | 158,043,809 | 364,523,231 |
| Other current financial assets | 10 | 2,773,065 | 2,765,778 |
| Other current assets | 11 | 22,622,967 | 20,211,180 |
| **Total current assets** | | 2,417,305,432 | 5,766,529,068 |
| **NON-CURRENT ASSETS** | | | |
| Equipment | 12 | 3,853,086 | 1,295,909 |
| Rights-of-use assets | 13 | 755,365 | 1,155,381 |
| Intangible assets | 14 | 5,885,860 | 3,693,052 |
| Deferred tax assets | 20 | 3,158,208 | 1,359,305 |
| Other non-current assets | | 956,109 | 2,257,625 |
| **Total non-current assets** | | 14,608,628 | 9,761,272 |
| **TOTAL ASSETS** | | 2,431,914,060 | 5,776,290,340 |

The accompanying notes form an integral part of these financial statements.

BITAZZA COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | Baht | |
|---|---|---|---|
| | Notes | 31 December 2022 | 31 December 2021 |
| **CURRENT LIABILITIES** | | | |
| Custodial funds due to customers | 8 | 1,496,855,981 | 5,184,087,302 |
| Custodial funds due to customers - related party | 6 | 482,575,705 | 158,468,145 |
| Trade and other payables | | | |
| - third parties | 15 | 301,700,424 | 284,633,105 |
| - related parties | 6 | 61,953,423 | 36,439,654 |
| Current portion of lease liabilities | 13 | 334,857 | 415,380 |
| Advance received from related parties | 6 | 17,999,411 | 14,568,326 |
| Income tax payable | 11 | 15,836,025 | 11,035,020 |
| Other current liabilities | | 5,092,705 | 17,110,670 |
| **Total current liabilities** | | 2,382,348,531 | 5,706,757,602 |
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities | 13 | 409,051 | 743,908 |
| Employee benefits obligation | 17 | 1,217,507 | 535,575 |
| Other non-current liabilities | | 690,183 | - |
| **Total non-current liabilities** | | 2,316,741 | 1,279,483 |
| **Total Liabilities** | | 2,384,665,272 | 5,708,037,085 |

The accompanying notes form an integral part of these financial statements.

BITAZZA COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

| | Baht | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital - ordinary shares, Baht 10 par value | | |
| Registered 4,500,000 shares | 45,000,000 | 45,000,000 |
| Issued and fully paid-up 4,500,000 shares | 45,000,000 | 45,000,000 |
| Retained earnings (Deficit) | | |
| - Unappropriated | 2,424,849 | 23,204,154 |
| Other components of shareholders' equity | (176,061) | 49,101 |
| **TOTAL SHAREHOLDERS' EQUITY** | 47,248,788 | 68,253,255 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | 2,431,914,060 | 5,776,290,340 |

BITAZZA COMPANY LIMITED

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

| | Notes | Baht 2022 | Baht 2021 |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from trading fee | 6 | 111,001,632 | 166,357,632 |
| Service income | 6 | 8,222,845 | - |
| Commission income | | 249,597,745 | - |
| Other income | 6 | 20,818,932 | 5,208,074 |
| **TOTAL REVENUE** | | 389,641,154 | 171,565,706 |
| **EXPENSES** | | | |
| Cost of services | | 241,982,074 | 113,606,573 |
| Unrealize loss on revaluation of digital assets | | 14,619,170 | 6,257,042 |
| Selling expenses | | 60,760,393 | 61,397,637 |
| Administrative expenses | | 89,958,264 | 302,581,939 |
| **TOTAL EXPENSES** | | 407,319,901 | 483,843,191 |
| **Loss before finance costs and income tax expense** | | (17,678,747) | (312,277,485) |
| Finance costs | | (39,870) | (2,269,385) |
| **Loss before income tax expense** | | (17,718,617) | (314,546,870) |
| Income tax | 20 | (3,060,688) | (9,697,066) |
| **Loss for the year** | | (20,779,305) | (324,243,936) |
| **OTHER COMPREHENSIVE INCOME FOR THE YEAR** | | | |
| **Items not to be reclassified subsequently to profit or loss** | | | |
| Gain on revaluation of digital assets - net of income tax | | 27,343 | - |
| Decrease reserves on revaluation of digital assets - net of income tax | | - | (6,663,894) |
| Actuarial loss - net of income tax | | (252,505) | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | (21,004,467) | (330,907,830) |
| **Basic loss per share** | | | |
| Loss (Baht per share) | 21 | (4.62) | (72.05) |
| Weighted average number of ordinary shares (share) | | 4,500,000 | 4,500,000 |

The accompanying notes form an integral part of these financial statements.

BITAZZA COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER

| | Baht | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Retained earnings (Deficit) | | Other components of shareholders' equity | | | |
| | Share capital Issued and fully paid-up | Unappropriated | Gain on disposal of revalued digital assets | Gain (loss) on revaluation of digital assets | Remeasurements of defined benefit plans | Total | Total shareholders' equity |
| **Balance as at 1 January 2021 - as previously reported** | 45,000,000 | (7,891,103) | - | - | 49,101 | 49,101 | 37,157,998 |
| The effected from correction errors | - | (27,965,854) | 21,945,529 | 6,663,894 | - | 6,663,894 | 643,569 |
| **Balance as at 1 January 2021 - restated** | 45,000,000 | (35,856,957) | 21,945,529 | 6,663,894 | 49,101 | 6,712,995 | 37,801,567 |
| Profit (loss) for the year | - | (324,243,936) | 361,359,518 | - | - | - | 37,115,582 |
| Other comprehensive income for the year | - | - | - | (6,663,894) | - | (6,663,894) | (6,663,894) |
| **Total comprehensive income for the year** | - | (324,243,936) | 361,359,518 | (6,663,894) | - | (6,663,894) | 30,451,688 |
| **Balance as at 31 December 2021** | 45,000,000 | (360,100,893) | 383,305,047 | - | 49,101 | 49,101 | 68,253,255 |
| | | | | | | | |
| **Balance as at 1 January 2022** | 45,000,000 | (360,100,893) | 383,305,047 | - | 49,101 | 49,101 | 68,253,255 |
| Loss for the year | - | (20,779,305) | - | - | - | - | (20,779,305) |
| Other comprehensive income for the year | - | - | - | 27,343 | (252,505) | (225,162) | (225,162) |
| **Total comprehensive income for the year** | - | (20,779,305) | - | 27,343 | (252,505) | (225,162) | (21,004,467) |
| **Balance as at 31 December 2022** | 45,000,000 | (380,880,198) | 383,305,047 | 27,343 | (203,404) | (176,061) | 47,248,788 |

The accompanying notes form an integral part of these financial statements.

BITAZZA COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| **Cash flows from operating activities:** | | |
| Loss before income tax | (17,718,617) | (314,546,870) |
| **Adjustments to reconcile profit before income tax to net cash provided from (used in) operating activities:** | | |
| Depreciation and amortization | 2,845,434 | 2,086,531 |
| Unrealized loss on exchange rate | 9,052,090 | 54,618 |
| Loss from digital assets revaluation | 14,619,170 | 6,257,042 |
| Gain from sale of digital assets | - | 361,359,518 |
| Employee benefits | 366,300 | 289,716 |
| Interest income | (274,260) | (689,168) |
| Finance costs | 39,870 | 2,269,385 |
| **Cash provided from (used in) operations before changes in operating assets and liabilities** | 8,929,987 | 57,080,772 |
| **Decrease (increase) in operating assets:** | | |
| Restricted cash | (6,800,000) | - |
| Trade and other receivables - related parties | (9,588,174) | - |
| Advance to related parties | (15,228,178) | (14,794,625) |
| Digital assets | 191,880,759 | (342,142,265) |
| Other current assets | (2,411,787) | (18,968,878) |
| Other non-current assets | 1,301,516 | (1,499,843) |
| **Increase (decrease) in operating liabilities:** | | |
| Trade and other payables | 32,679,972 | 320,417,281 |
| Other current liabilities | (12,017,964) | 16,949,751 |
| Other non-current liabilities | 690,183 | - |
| **Cash provided from operations activities** | 189,436,314 | 17,042,193 |
| Finance costs paid | (11,250) | (2,269,385) |
| Income tax paid | (2,296) | (6,523) |
| **Net cash provided from operating activities** | 189,422,768 | 14,766,285 |

BITAZZA COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| **Cash flows from investing activities:** | | |
| Paid for loan to related parties | (51,800,661) | - |
| Other current financial assets | (7,287) | (747,954) |
| Purchase of fixed assets | (3,896,283) | (1,237,973) |
| Purchase of intangible assets | (3,299,120) | - |
| **Net cash used in investing activities** | (59,003,351) | (1,985,927) |
| **Cash flows from financing activities:** | | |
| Proceeds from interest income | 229,562 | 689,168 |
| Proceeds from short-term loans from related parties | 10,893,175 | - |
| Proceeds from advance from related parties | 3,431,085 | 38,000,000 |
| Repayment of short-term loans from related parties | (10,893,175) | (67,933,174) |
| Repayment of advance from related party | - | (7,544,845) |
| Repayment of lease liabilities | (444,000) | (663,800) |
| **Net cash provided from (used in) financing activities** | 3,216,647 | (37,452,651) |
| Gain on exchage rate of cash and cash equivalents | 1,270,031 | 18,152 |
| **Net increase (decrease) in cash and cash equivalents** | 134,906,095 | (24,654,141) |
| **Cash and cash equivalents at beginning of the year** | 21,692,386 | 46,346,527 |
| **Cash and cash equivalents at end of the year** | 156,598,481 | 21,692,386 |

**Supplemental cash flows information**

Non-cash transactions :

| | | |
|---|---|---|
| Recognition of right-of use assets and lease liabilities | - | 1,045,891 |

The accompanying notes form an integral part of these financial statements.

## 1. NATURE OF BUSINESS

Bitazza Company Limited (the "Company") is incorporated in Thailand on 10 July 2018. The Company is engaged in cryptocurrency and digital tokens trading centre, and has its registered office at 2922/280, Chan Issara Tower 2, 24th Floor room D, Phetchaburi Road, Bangkapi Sub-District, Huai Khwang District, Bangkok.

## 2. BASIS OF FINANCIAL STATEMENTS PREPARATION

The accompanying financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS") issued under the Accounting Professions and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act. These financial statements are officially prepared in the Thai language. The translation of these financial statements to other languages must be in compliance with the official report in Thai.

The financial statements have been prepared on a historical cost basis, except as otherwise disclosed specifically.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires management to use of certain critical accounting estimates and to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to financial statements are disclosed in Note 5 to financial statements.

## 3. CHANGE IN THE FINANCE REPORTING STANDARD

3.1 Financial Reporting Standards, interpretations and guidance which effective from 1 January 2022

3.1.1 <u>Thai Accounting Standard No. 1 "Presentation of financial statements" and Thai Accounting Standard No. 8 "Accounting policies, Changes in Accounting Estimates and Errors"</u>

There is an amendment to the definition of the term "Materiality" to comply with the Financial Reporting Standards and frameworks. Including the explanation that clarifies the materiality application to Thai Financial Reporting Standard No. 1. The amendment also makes consequential amendments to other TFRS including TAS 8, TAS 10, TAS 34 and TAS 37.

3.1.2 Thai Financial Reporting Standard No. 3 "Business combinations"

This standard was amended to provide more consideration as follow:

- Provide an option for the entity to use "Concentration Test" that allows a simplified assessment of purchase whether it is considered as purchase of assets or business combination.
- Amend the definition of the term "Business" to define the business combination to include, at a minimum, an input and a substantive process that are collectively significant contribution to the ability to create outputs. Furthermore, amendment definition of "Outputs" which focusing on goods and services provided to customers and removing the reference to an ability to lower the costs.

3.1.3 Thai Financial Reporting Standard No. 9 "Financial instruments" and Thai Financial Reporting Standard No. 7 "Disclosure of Financial instruments"

These standards change specific hedge accounting requirements to relief the uncertainties arising from impact of interest rate benchmark reform including the effects of changes to contractual cash flow or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate such as Interbank offer rates – IBORs. In addition, the amendment requires the entity to disclose all hedging relationships directly affected by such uncertainty.

3.1.4 Conceptual Framework for Financial Reporting

The conceptual framework definition was amended to define assets and liabilities and criteria for recognizing assets and liabilities in financial statements by adding the conceptual and application consideration as follows:

- Measurement including factors to be considered when selecting a benchmark basis.
- Presentation and disclosure including classification of revenue and expenses in other comprehensive income.
- Derecognition assets and liabilities from financial statements.

In addition, this framework describes about responsibilities by function, conservative consideration concept and uncertainty in the measurement of values in the preparation of financial information. The revision in conceptual framework also affect the revision in others framework including TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS 2, TFRS 3, TFRS 6, TFRIC 12, TFRIC 19, TFRIC 20, TFRIC 22 and TSIC 32.

3.1.5 Thai Financial Reporting Standard No. 16 "Lease"

This standard amends of COVID-19 related rent concessions which permits lessees, as a practical expedient, not to assess whether rent concessions that meet specified conditions are lease modification.

However, the Company has initially applied revised TFRS that are effective for annual periods beginning on or after 1 January 2021 and has not early adopted TFRS which are not yet effective. The application has no material impact on the financial statements.

3.2 Financial Reporting Standards and guidance which effective for the accounting period beginning on or after 1 January 2022 are as follows:

Thai Financial Reporting Standard 9, "Financial instruments", Thai Financial Reporting Standard 7, "Disclosure of Financial instruments", Thai Financial Reporting Standard 16, "Lease", Thai Financial Reporting Standard 4, "Insurance Contracts" and accounting guidance, financial instruments and disclosures for insurance business

Interest rate benchmark (IBOR) reform – phase 2 provide relief measures addressing issues that might affect financial reporting during the reform, including the effects of changes to contractual cash flow or hedging relationship arising from the change of interest rate benchmark to alternative benchmark rates. The significant information are as follows:

- Applying a practical expedient on relief measurement when changing the basis for determining contractual cash flows for financial assets and financial liabilities (including lease liabilities), have to comply with 2 conditions are 1) the changes that are necessary as a direct result of the IBOR reform and 2) the new basis for determining contractual cash flows are considered economically equivalent, will not result in an immediate gain or loss in the statement of profit or loss. TFRS 16 has also been amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of the IBOR reform.

- Hedge accounting relief measures will allow most TFRS 9 hedge relationships that are directly affected by the IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

TFRS 7 requires addition disclosures as follows:

- The nature and extent of risks arising from the IBOR reform including methods that the entity uses in managing for the transition to alternative benchmark rates.
- The quantitative information related to the financial instruments that have yet transitioning to an alternative benchmark rate as at the end of the reporting period, by separate significant benchmark rates under the IBOR reform.
- The changing to an entity's risk management strategies that the risk arising from financial instruments and transition to alternative benchmark rates.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 4.1 Revenue

Revenue is recognized when a customer obtains control or the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts.

*Revenue from trading fee*
Revenue from trading fee from digital asset exchange platform is recognized at a point in time when the Company has satisfied its performance obligation to the customer and recognized based on rate agreed with customers.

*Service income*
Revenue from service income is recognised either at point in time or overtime as the services are provided.

*Commission income*
For contracts where the company procures goods or services on behalf of the customer and has no control over such goods or services before the main seller or service provider transfers the goods or services to the customer. The Company operates on an agency basis and recognizes net returns on such contracts as commission income.

*Interest income and other income*
Interest income and other income are recognized in profit or loss on an accrual basis.

### 4.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand and all deposits at banks with maturity of less than three months without restriction of usage.

4.3 Customer custodial funds held by the Company and custodial funds due to customers

Customer custodial funds represent cash deposited in Company bank accounts and digital assets custodied under regulatory requirements promulgated by the Securities and Exchange Commission that are held for the exclusive benefit of customers. The Company restricts the use of the assets underlying the customer custodial funds to meet regulatory requirements and classifies the assets as current based on their purpose and availability to fulfil its direct obligation under custodial funds due to customers. The promulgation of the Securities and Exchange Commission requires the Company to hold cash and digital assets, equal to at least 100% of the aggregate amount of all custodial funds due to customers. As at 31 December 2022 and 2021, the value of customer custodial funds held by the company equal to the aggregate amount of custodial funds due to customers.

4.4 Trade and other receivables

A receivable is recognized when the Company has an unconditional right to receive consideration. If revenue has been recognized before the Company has an unconditional right to receive consideration, the amount is presented as a contract assets.

A receivable is measured at transaction price less allowance for expected credit loss, which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred (if any).

4.5 Digital assets

Transactions denominated in digital assets are translated to Thai Baht by using the closing rate (in US Dollar) at the end of day in Thailand time from central website (coinmarketcap.com) and translated to Thai Baht at the foreign exchange rates ruling by Bank of Thailand at the reporting date.

Assets denominated in digital assets as at reporting date are stated at fair value less impairment losses (No amortization is provided on digital assets due to indefinite useful life).

Increases in the carrying amounts arising on revaluation of digital assets are recognized in other comprehensive income and presented in other components of shareholders' equity. To the extent that the decrease reverses an increase previously recognized in equity, the decrease is first recognized in other comprehensive income and accumulated in equity. The excess will then be recognized in profit or loss. Upon disposal of a revalued digital asset, any related gain on revaluation of digital assets is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Digital assets are shown only balance of the Company which is net from digital assets from customer.

4.6 <u>Related parties</u>

Individuals and enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

4.7 <u>Other current financial assets</u>

Other current financial assets is fixed bank accounts presented at cost and recognize interest in the statements of income according to bank rate.

4.8 <u>Equipment</u>

*Recognition and measurement*
Equipment are stated at cost less accumulated depreciation and impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and any other costs directly attributable to bringing the assets to a working condition for their intended use, removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognized net within other income/expense in profit or loss.

*Depreciation*
Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

| | Years |
|---|---|
| Office equipment | 5 |
| Computer hardware | 3 |

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

4.9 Right-of-use assets

*Leases - where the Company is the lessee*

The Company recognizes the right-of-use assets and lease liabilities at the beginning of the contract and when the Company has to access the assets lease. Right-of-use assets is recognized at a cost that consists of the initial recognition amount of the lease liability, initial direction costs incurred, estimated reconditioning costs and lease payments paid before the date of the contract, net of incentive receiving under the lease.

The Company depreciates right-of-use assets based on a straight-line basis over the shorter useful lives between the asset life and the lease term for the current and comparative periods are as below table. The includes assessing the impairment of right-of-use assets, when there is an indicator.

| | Years |
|---|---|
| Building leasehold rights | 3 |

At the beginning of the contract, the Company recognizes the initial lease liabilities at the present value of the lease payment. The Company will discount at the interest rate implicit in the contract. If unable to find the implicit interest rate, the Company will discount at the incremental borrowing rate of the lessee.

The rent included in the value of the lease liability comprises the fixed rental (including fixed payment by content) variable rental based on rate or index, the amount expected to be paid from the residual value guarantee and the option price if there is reasonable certainty that the Company will exercise the rights.

After the initial measurement, the lease liability will be reduced from the payment and increased from interest expense. This is a measure to reflect a new appraisal or adjustment or significant changes to the fixed lease. When the lease liability is remeasured, the right-of-use assets have decreased to be zero, the lessee must recognize the remainder of the remeasurement in profit or loss.

The rent paid under short-term leases and low value asset leases are recognized as expense on a straight-line method. The short-term lease is a lease with a lease term less than or equal 12 months, the assets with low value comprises small office equipment lease.

4.10 Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

| | Years |
|---|---|
| Software and website | 3 - 5 |
| Digital asset business license | 10 |

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The Company tests intangible assets to impairment annually and when circumstances indicate that the carrying value may be impaired.

4.11 Impairment of financial assets

The Company recognised allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, restricted cash at financial institutions, other receivables, loans to third party).

*Measurement of Expected Credit Loss (ECLs)*

Expected Credit Loss (ECLs) are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial assets.

ECLs are measured on either of the following bases:

- 12-months ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for other receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.

Loss allowances for all other financial instruments, the Company recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is overdue, significant deterioration in financial instruments' s credit rating, significant deterioration in the operating results of the debtor and existing of forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is overdue.

Depending on the nature of the financial instruments, the assessment of a significant increase credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased in loss allowance is recognised as an impairment loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the Company recognises an impairment loss in profit or loss with the corresponding entry in other comprehensive income.

*Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes significant financial difficulty, a breach of contract such past due, probable the debtor will enter bankruptcy.

*Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

## 4.12 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversal of impairment*

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net or depreciation or amortisation, if no impairment loss had been recognised.

4.13 Interest

*Effective interest Rate (EIR)*

Interest expense is recognised using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability

In calculating interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

4.14 Income tax

The tax expense for the period comprises current and deferred tax. Current and deferred tax are recognised in the income statement, except to the extent that it relates to items recognised directly in equity or other comprehensive income.

*Current income tax*

Current income tax is the expected tax payable or income tax benefit on the taxable profit for the period, using income tax rate enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous years, which is different from profit or loss in the financial statements. The income tax in the consolidated and separate financial statements includes income tax of an overseas entity which are calculated based on the cash collection, the revenues or the net profit based on tax rate, whichever is higher.

*Deferred tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the corresponding amounts used for income tax computation purposes. Deferred tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse, using tax rate enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liability and assets, and if they are intended to be settled on a net basis or when tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that the related tax benefit will be realized.

## 4.15 Employee benefits

*Defined benefit plans*

The Company net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.16 Foreign currencies

Foreign currency transactions are translated into the functional currency (Thai Baht), using the exchange rate prevailing at the dates of the transactions (spot exchange rate).

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in profit or loss as incurred.

4.17 Basic earnings (loss) per share

The Company presents basic earnings (loss) per share for its ordinary shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.18 Share capital

*Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

4.19 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

## 4.20 Financial instruments

*Recognition and initial measurement*

Other receivables, trade and other payables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset and a financial liability measured at FVTPL are initially recognised at fair value.

*Classification and subsequent measurement*

Financial assets - classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comprehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at financial assets at fair value through profit or loss. All derivative financial instruments fall into this category.

Financial assets at fair value through other comprehensive income (FVTOCI)

The Group accounts for financial assets at FVTOCI if the assets meet the following conditions:

1. The Group are held under a business model whose objective it is "hold to collect" the associated cash flows and sell, and
2. The contractual terms of the financial assets give rise to cash flows that are solely payment of principal and interest on the principal amount outstanding on the specified day.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost of FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - business model assessment

The Company makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes;

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected, and
- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets – assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment;
"principal" is defined as the fair value of the financial asset on initial recognition.
"Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the financial instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that if would not meet this condition. In making this assessment, the Company considers;

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

*Financial assets – subsequent measurement and gains and losses*

| | |
|---|---|
| Financial assets at FVTPL | : These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortised cost | : These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss derecognition is recognised in profit or loss. |

*Financial liabilities – classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost of FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

4.21 <u>Measurement of fair values</u>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset of liability non based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION

### 5.1 Impairment of receivables and financial asset

The Company sets an allowance for impairment to reflect impairment of trade accounts receivable resulting from possible non-collection of receivable. The allowance is based on a review of the expected credit loss. Executives groups accounts receivable by type and consider credit risks that are common nature. The expected credit loss rate is determined by the nature of the payment in the past. Information of credit losses from past experience, external factors, and future factors that may affect debtor payment which assesses credit risk of financial assets at the end of every period whether there has been a significant change.

### 5.2 Equipment and intangible assets

Management determines the estimated useful lives and residual values for equipment and intangible assets of the Company. Management will revise the depreciation and amortization charge where useful lives and residual values previously estimated have changed or when they are destroyed, if they are no longer in use.

### 5.3 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about default risk and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

### 5.4 Leases

<u>Determine the lease terms</u>

The Company shall determine the lease term is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Company shall consider all relevant ducts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Company shall revise the lease term if there is a change in the non-cancellable of a lease by may be caused by the Company of companies using (or not exercising) rights. The reasonably certain assessment of certainty upon the occurrence of either a significant event or a significant change in circumstances. This has an impact on assessment of the lease term and is under the control of the Company.

<u>Determination of the discount rate on lease liabilities</u>

The Company assesses interest rate of incremental borrowing of lessee using information provided by third-party financing of each leasing entity and updating information obtained to reflect changes in the tenant's financial factors, if possible.

5.5 Impairment of assets

The Company considers an allowance for impairment of assets when there is an indication that an asset may be impaired. If any such indication exists when there has been a significant decline in the fair value below their cost, the Company makes an estimate of the assets recoverable amount. The determination of recoverable amount requires management judgment.

5.6 Post-employment benefits under defined benefit plans

The obligation under defined benefit plan is determined based on actuarial techniques. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on publicly available mortality table for the country. Actual post-retirement costs may ultimately differ from these estimates.

5.7 Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deductible temporary differences can be utilized. The management's judgment is required in assessing the impact of any legal or economic limit or uncertainties in various tax jurisdictions.

## 6. TRANSACTIONS WITH RELATED PARTIES

The Company has certain accounting transactions with related parties that are related to it through common shareholding and/or directorship. Thus, the financial statements reflect the effects of those transactions on the basis agreed upon between the Company and its related parties, which basis might be different from the basis used for transactions with unrelated parties.

Related parties also include individuals having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The relationship between the Company and related parties are summarised below:

| Names | Country | Relationship |
|---|---|---|
| Key management personnel | | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company |
| Mr. Kavin Phongpandecha | Thailand | Major shareholder |
| Mr. Chawengsak Assawinnimit | Thailand | Major shareholder |
| Mr. Heng Wee Kiat Kevin | Malaysia | Major shareholder |
| Mr. Fong Jen Wei | Malaysia | Major shareholder |
| Mr. Jutipat Boonsoong | Thailand | Relative of major shareholder |
| Soberin Company Limited (Formerly "Umbrella Management Company Limited") | Thailand | Common director |
| Bitazza Assets Company Limited | Thailand | Common director |
| Bitazza X Company Limited | Thailand | Common director |
| Bitazza Core Company Limited | Thailand | Common director |
| Freedomverse Company Limited | Thailand | Common director |
| Bitazza Corporation Limited | Hong Kong | Common director |
| Bitazza Global (Singapore) Pte. Ltd. | Singapore | Common director |
| Bitazza Lanka (Private) Limited | Sri Lanka | Common director |
| Bitazza International Limited | British Virgin Islands | Common director |
| Freedom World Group Limited (Formerly "Bitazza Group Limited") | British Virgin Islands | Common director |
| Locorotondo Corporation | British Virgin Islands | Common director |
| Onchain Capital Limited | British Virgin Islands | Common director |
| Bitazza Europe S.a.r.l. | Luxembourg | Common director |

The pricing policies for particular types of transaction are explained further below:

| Transaction | Pricing policy |
|---|---|
| Revenue from trading fee | Agreed price |
| Service income | Agreed price |
| Interest income | 4.25% per annum |
| Other income | Agreed price or contractual price |
| License expense | Agreed price |
| Key management personnel compensation salary, bonus, meeting allowance | As approved by the shareholders and the Board of Directors |

Significant transactions with related parties for the year ended 31 December 2022 and 2021 consist of:

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| **Major shareholders** | | |
| Revenue from trading fee | 124,959 | 998,588 |
| **Relative of major shareholder** | | |
| Revenue from trading fee | 2,589,658 | 2,113,044 |
| **Related parties** | | |
| Service income | 8,222,845 | - |
| Interest income | 44,698 | - |
| Other income | 270,682 | - |
| License expense | - | 38,657,976 |
| **Key management personnel compensation** | | |
| Short - term employee benefits | 4,100,000 | 5,201,645 |
| Post employment benefits | 38,270 | 94,955 |
| Total | 4,138,270 | 5,296,600 |

Significant balances with related parties as at 31 December 2022 and 2021 are as follows:

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| **Major shareholders** | | |
| Customer deposit funds held by the Company | 7,731,513 | 1,390,609 |
| Customer digital assets funds held by the Company | 5,143,264 | 23,806,991 |
| Advance to | 13,928,238 | 13,993,000 |
| Advance from | 14,568,326 | 14,568,326 |
| **Relative of major shareholder** | | |
| Customer deposit funds held by the Company | 271 | 775 |
| Customer digital assets funds held by the Company | 97,631 | 1,012,224,308 |
| **Related parties** | | |
| Loans to related parties | 51,800,661 | - |
| Trade and other receivables | 9,533,373 | - |
| Advance to | 15,773,151 | 788,046 |
| Customer deposit funds held by the Company | 1,983,101 | 2,218,232 |
| Customer digital assets funds held by the Company | 480,592,604 | 156,249,823 |
| Trade and other payables | 61,953,423 | 36,657,967 |
| Advance from | 3,431,085 | - |

Trade and other payables

As of 31 December 2022, trade payable is trademark fee that the Company pays related party amounting to Baht 39.95 million (31 December 2021: amounting to Baht 36.44 million). And other payable is fees that the Company collected from customers of the related parties so as to pay those related parties amounting to Baht 22 million (31 December 2021: None)

Advance to major shareholders and related parties

The amount of advance paid to major shareholders and related parties are Baht 13.93 million and Baht 15.77 million with the proposed working capital of the Company and its related parties. The Company received a partial repayment of the advance in 2023 and 2024 amounting to Baht 15.06 million and Baht 14.24 million, respectively.

Advance from major shareholders and related parties

The amount of advance received from major shareholders and related party are Baht 14.57 million and Baht 3.43 million with the proposed working capital of the Company. The Company paid all advances on 14 December 2023 and 8 February 2023, respectively.

Movements in advance received from related parties for the years ended 31 December 2022 and 2021 are detailed as follows:

| | Baht | | | |
|---|---|---|---|---|
| | 31 December | Change during the year | | 31 December |
| | 2021 | Increase | Decrease | 2022 |
| Major shareholders | 14,568,326 | - | - | 14,568,326 |
| Related party | - | 3,431,085 | - | 3,431,085 |
| Total | 14,568,326 | 3,431,085 | - | 17,999,411 |

| | Baht | | | |
|---|---|---|---|---|
| | 31 December | Change during the year | | 31 December |
| | 2020 | Increase | Decrease | 2021 |
| Major shareholders | 22,113,171 | - | (7,544,845) | 14,568,326 |
| Related parties | 29,933,174 | 38,000,000 | (67,933,174) | - |
| Total | 52,046,345 | 38,000,000 | (75,478,019) | 14,568,326 |

Loans to related parties

- Short-term loan to Freedomverse Company Limited, which is a related party of the Company, amounting to Baht 15.36 million bear interest rate at 4.25% per annum. This loan is due to pay interest and principal at call. The Company received repayment of the short-term loan in full amount on 16 January 2023.

- Short term loan to Bitazza Corporation Limited, which is a related party of the Company, amounting to USDT 1.06 million or equivalent to Baht 36.45 million without interest. This loan is due to pay principle at call.

Movements of loans to related parties for the year ended 31 December 2022 are as follows:

| | Baht | | | |
|---|---|---|---|---|
| | 31 December | Change during the year | | 31 December |
| | 2021 | Increase | Decrease | 2022 |
| Related parties | - | 51,800,661 | - | 51,800,661 |

## 7. CASH AND CASH EQUIVALENTS

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| Cash at banks - Saving accounts | 132,553,587 | 11,890,717 |
| Cash at banks - Current accounts | 4,698,465 | 9,801,669 |
| Cash in electronic wallets | 19,346,429 | - |
| Total | 156,598,481 | 21,692,386 |

As at 31 December 2022, cash at banks bears interest at 0.05% - 0.30% (31 December 2021: 0.05% - 0.25%)

7.1 Restricted deposit with custodian represents cash in electronic wallets of the Company that deposits with electronic wallets provider to reserve for transaction fees of the Company's customers.

## 8. CUSTOMER CUSTODIAL FUNDS HELD BY THE COMPANY AND CUSTODIAL FUNDS DUE TO CUSTOMERS

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| Customer deposits | 200,926,469 | 297,263,093 |
| Customer digital assets | 1,295,929,512 | 4,886,824,209 |
| Total | 1,496,855,981 | 5,184,087,302 |
| Less Custodial funds due to customers | (1,496,855,981) | (5,184,087,302) |
| Net | - | - |

As at 31 December 2022 and 2021, digital assets of customers which deposited with the Company computed at fair value from central website (coinmarketcap.com).

The Company has customers' digital assets presented as fair value as at the date of approved and authorized for issuance of financial statement for the year ended 31 December 2022, amounting to Baht 3,219.28 million (31 December 2021: amounting to Baht 1,391.33 million)

## 9. DIGITAL ASSETS

| | Baht | | |
|---|---|---|---|
| | Cryptocurrency | Digital token | Total |
| **As at 31 December 2022** | | | |
| Digital assets | 19,824,514 | 152,804,286 | 172,628,800 |
| (Less) Fair value adjustment | (7,618,892) | (6,966,099) | (14,584,991) |
| Fair value | 12,205,622 | 145,838,187 | 158,043,809 |
| **As at 31 December 2021** | | | |
| Digital assets | 45,888,739 | 324,891,534 | 370,780,273 |
| Add (less) Fair value adjustment | 4,929,043 | (11,186,085) | (6,257,042) |
| Fair value | 50,817,782 | 313,705,449 | 364,523,231 |

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| Cost of digital assets which recorded as expenses and included in cost of services | | |
| - Cost of services | 39,629,350 | 74,428,227 |
| Total | 39,629,350 | 74,428,227 |

The Company's digital assets presented as fair value as at the date of approved and authorized for issuance of financial statement for the year ended 31 December 2022, amounting to Baht 169.42 million (31 December 2021: amounting to Baht 304.77 million). The liabilities from the digital assets of the Company have been already paid in full.

## 10. OTHER CURRENT FINANCIAL ASSETS

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| Fixed deposit | 2,773,065 | 2,765,778 |
| Total | 2,773,065 | 2,765,778 |

Other current financial assets are three-months and twelve-months fixed deposits with carried interest at 0.25% - 0.40% per annum and 0.85% per annum, respectively. (2021: are three-months and twelve-months fixed deposits with carried interest at 0.15% - 0.20% per annum and 0.55% - 0.75% per annum, respectively.)

## 11. OTHER CURRENT ASSETS

| | Baht 2022 | Baht 2021 |
|---|---|---|
| Revenue department receivable | 10,507,243 | - |
| Undue input vat | 4,241,127 | 6,183,938 |
| Prepaid expenses | 7,842,339 | 13,992,109 |
| Other advances | 32,258 | 35,133 |
| Total | 22,622,967 | 20,211,180 |

## 12. EQUIPMENT

| | Baht | | |
|---|---|---|---|
| | Office equipment | Computer hardware | Total |
| **Cost** | | | |
| As at 1 January 2021 | 301,414 | 478,715 | 780,129 |
| Additions | 46,115 | 1,191,858 | 1,237,973 |
| As at 31 December 2021 | 347,529 | 1,670,573 | 2,018,102 |
| Additions | 310,974 | 3,585,309 | 3,896,283 |
| As at 31 December 2022 | 658,503 | 5,255,882 | 5,914,385 |
| **Accumulated depreciation** | | | |
| As at 1 January 2021 | 96,816 | 237,531 | 334,347 |
| Depreciation for the year | 64,503 | 323,343 | 387,846 |
| As at 31 December 2021 | 161,319 | 560,874 | 722,193 |
| Depreciation for the year | 104,623 | 1,234,483 | 1,339,106 |
| As at 31 December 2022 | 265,942 | 1,795,357 | 2,061,299 |
| **Net book value** | | | |
| As at 31 December 2021 | 186,210 | 1,109,699 | 1,295,909 |
| As at 31 December 2022 | 392,561 | 3,460,525 | 3,853,086 |
| **Depreciation for the year 2021** | | | 387,846 |
| **Depreciation for the year 2022** | | | 1,339,106 |

As at 31 December 2022, the carry amount before deduct deprecation of assets that fully depreciated but still be in use are Baht 0.45 million. (31 December 2021: Baht 0)

## 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### 13.1 Right-of-use assets

| | Baht |
|---|---|
| **Cost** | |
| As at 1 January 2021 | 1,313,889 |
| Additions | 1,045,891 |
| As at 31 December 2021 | 2,359,780 |
| Additions | - |
| As at 31 December 2022 | 2,359,780 |
| **Accumulated amortisation** | |
| As at 1 January 2021 | 364,969 |
| Amortisation for the year | 839,430 |
| As at 31 December 2021 | 1,204,399 |
| Amortisation for the year | 400,016 |
| As at 31 December 2022 | 1,604,415 |
| **Net book value** | |
| As at 31 December 2021 | 1,155,381 |
| As at 31 December 2022 | 755,365 |
| **Amortisation for the year 2021 - Administrative expenses** | 839,430 |
| **Amortisation for the year 2022 - Administrative expenses** | 400,016 |

As at 31 December 2022, the Company had the right-of-use assets (office) under the lease agreement.

### 13.2 Lease liabilities

The present value of lease liabilities are as follows:

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| Lease liabilities | 743,908 | 1,159,288 |
| Less Current portion | (334,857) | (415,380) |
| Net | 409,051 | 743,908 |

During the year 2022 and 2021, the Company recognised financial cost which related to leases of Baht 0.03 million and Baht 0.02 million, respectively.

## 14. INTANGIBLE ASSETS

| | Baht | | |
|---|---|---|---|
| | Computer program and website | Digital asset business license | Total |
| **Cost** | | | |
| As at 1 January 2021 | 3,046,275 | 2,500,000 | 5,546.,275 |
| Additions | - | - | - |
| As at 31 December 2021 | 3,046,275 | 2,500,000 | 5,546,275 |
| Additions | 3,299,120 | - | 3,299,120 |
| As at 31 December 2022 | 6,345,395 | 2,500,000 | 8,845,395 |
| **Accumulated amortisation** | | | |
| As at 1 January 2021 | 633,009 | 360,959 | 993,968 |
| Amortisation for the year | 609,255 | 250,000 | 859,255 |
| As at 31 December 2021 | 1,242,264 | 610,959 | 1,853,223 |
| Amortisation for the year | 856,312 | 250,000 | 1,106,312 |
| As at 31 December 2022 | 2,098,576 | 860,959 | 2,959,535 |
| **Net book value** | | | |
| As at 31 December 2021 | 1,804,011 | 1,889,041 | 3,693,052 |
| As at 31 December 2022 | 4,246,819 | 1,639,041 | 5,885,860 |
| **Amortisation for the year 2021** | | | 859,255 |
| **Amortisation for the year 2022** | | | 1,106,312 |

## 15. TRADE AND OTHER PAYABLES - THIRD PARTIES

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| Other payables | 18,556,527 | 10,771,046 |
| Accrued consulting fee for digital assets | 230,465,212 | 223,002,743 |
| Accrued marketing and consulting expense | 39,876,588 | 38,585,383 |
| Others accrued expenses | 12,802,097 | 12,273,933 |
| Total | 301,700,424 | 284,633,105 |

## 16. SEGMENT REPORTING

Segment information is presented in respect of the Company's business respects. The primary format in segment information report is based on the Company's management and internal reporting structure. The Company is managed as a cryptocurrency and digital tokens trading centre. The Company has one reportable segment is a cryptocurrency and digital tokens trading centre (commission fee).

The Company operates in Thailand only. 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. Therefore, revenue, profit from operating and assets as presented in the financial statements which is reported by operating segment and geographical segment.

## 17. EMPLOYEE BENEFITS OBLIGATION

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| **Statement of financial position obligations** | | |
| Post-employment benefits | 1,217,507 | 535,575 |
| **Statements of other comprehensive income** | | |
| *Recognized in profit or loss:* | | |
| Post-employment benefits | 366,300 | 289,715 |
| *Recognized in other comprehensive income:* | | |
| Actuarial loss | (315,632) | - |

The Company operates a defined benefit plan based on the requirement of Thai Labour Protection Act. B.E. 2541 to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans are exposed to actuarial risks, such as longevity risk, interest rate risk.

Movements in the present value of the defined benefit obligations for the years ended 31 December 2022 and 2021 are as follows:

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| Balance as at 1 January | 535,575 | 245,859 |
| Recognised in profit or loss: | | |
| - Current service costs | 349,590 | 282,045 |
| - Interest on obligation | 16,710 | 7,671 |
| Recognised in other comprehensive income | | |
| - Actuarial loss | 315,632 | - |
| Balance as at 31 December | 1,217,507 | 535,575 |

Principal actuarial assumptions are as follows:

| | 2022 | 2021 |
|---|---|---|
| Discount rate | 3.54% per annum | 3.1% per annum |
| Future salary increment rate | 4.0% per annum | 4.0% per annum |
| Employee turnover | 1.91% - 22.92% | 1.91% - 22.92% |
| Mortality rate | Thai Mortality Ordinary Table 2017 | Thai Mortality Ordinary Table 2017 |
| Retirement age | 55 years | 60 years |

*Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | Baht | |
|---|---|---|
| | Effect to the defined benefit obligation | |
| | 2022 | 2021 |
| Discount rate (1% increment) | (206,392) | (91,249) |
| Discount rate (1% decrement) | 254,037 | 111,811 |
| Future salary growth (1% increment) | 250,126 | 109,683 |
| Future salary growth (1% decrement) | (207,366) | (91,401) |
| Employee turnover (1% increment) | (230,787) | (99,404) |
| Employee turnover (1% decrement) | 296,155 | 125,385 |

The weighted average duration of the defined benefit obligation is 20 years (2021: 22 years).

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

As at 31 December 2022, expected maturity of employee benefits obligation before discount are as follow:

| | Baht |
|---|---|
| Year 5 – 10 | - |
| Year 11 – 15 | 175,508 |
| Year 16 – 20 | 1,051,590 |
| Year 21 – 25 | 776,010 |
| Year 26 – 30 | 414,773 |
| Year 31 – 35 | 7,460 |
| Year 36 – 40 | - |

## 18. LEGAL RESERVE

Under the provisions of the Civil and Commercial Code, the Company is required to set aside as legal reserve at least 5% of its net profit at each dividend declaration until the reserve reaches 10% of the authorized share capital. Such reserve is not available for dividend distribution.

## 19. EXPENSES BY NATURE

Significant expenses by nature for the year ended 31 December 2022 and 2021 are as follows:

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| Consulting fee for digital assets | - | 223,002,743 |
| Digital assets fee | 200,773,777 | 140,765,780 |
| License expense | - | 38,657,976 |
| Staff expenses | 65,540,602 | 25,475,818 |
| Advertising expenses | 45,649,922 | 11,080,217 |
| Office rental | 7,037,881 | - |
| Loss on revaluation of digital assets | 14,619,170 | 6,257,042 |
| Depreciation and amortisation | 3,864,763 | 2,086,531 |
| Bank fee | 5,050,769 | 2,197,609 |
| Professional fee | 16,287,537 | 12,365,141 |
| Computer subscription expenses | 20.547.385 | 6,577,430 |
| Other expenses | 7,604,805 | 2,800,554 |

## 20. INCOME TAX AND DEFERRED TAX

### 20.1 Deferred tax

Deferred tax assets and liabilities are as follows:

| | Baht | | | |
|---|---|---|---|---|
| | | Recognised as income / (expense) | | |
| | 1 January 2022 | Profit or loss | Other Comprehensive income | 31 December 2022 |
| **Deferred tax assets** | | | | |
| Loss on revaluation of digital assets | 1,251,409 | 1,672,426 | - | 2,923,835 |
| Lease liabilities | 231,857 | (83,076) | - | 148,781 |
| Provisions for employee benefits | 107,115 | 73,260 | 63,216 | 243,501 |
| **Total** | 1,590,381 | 1,662,610 | 63,216 | 3,316,117 |
| **Deferred tax liabilities** | | | | |
| Right-of-use assets | (231,076) | 80,003 | - | (151,073) |
| Gain on revaluation of digital assets | - | - | (6,836) | (6,836) |
| **Total** | (231,076) | 80,003 | (6,836) | (157,909) |
| **Net** | 1,359,305 | 1,742,613 | 56,290 | 3,158,208 |

| | Baht | | | |
|---|---|---|---|---|
| | | Recognised as income / (expense) | | |
| | 1 January 2021 | Profit or loss | Other Comprehensive income | 31 December 2021 |
| **Deferred tax assets** | | | | |
| Loss on revaluation of digital assets | - | 1,251,409 | - | 1,251,409 |
| Lease liabilities | 155,439 | 76,418 | | 231,857 |
| Provisions for employee benefits | 49,172 | 57,943 | - | 107,115 |
| **Total** | 204,611 | 1,385,770 | - | 1,590,381 |
| **Deferred tax liabilities** | | | | |
| Right-of-use assets | (189,784) | (41,292) | - | (231,076) |
| **Total** | (189,784) | (41,292) | - | (231,076) |
| **Net** | 14,827 | 1,344,478 | - | 1,359,305 |

20.2 Income tax

*Income tax recognized in profit or loss*

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| Income tax expenses shown in profit or loss: | | |
| Income tax expenses for the year | 4,803,301 | 11,041,542 |
| Deferred tax from temporary difference | (1,742,613) | (1,344,478) |
| Total | 3,060,688 | 9,697,066 |

Reconciliation of effective tax rate

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| Loss for the year | (17,718,617) | (314,546,870) |
| Applicable tax rate (percentage) | 20 | 20 |
| Income tax expense at the applicable tax rate | (3,543,723) | (62,909,374) |
| Reconciliation items: | | |
| Taxable income | - | 72,271,904 |
| Non-deductible expenses | 8,435,824 | 1,594,446 |
| Unrecognised deferred tax on temporary differences | (1,742,613) | (1,093,110) |
| Additional expenses deduction allowed | (88,800) | (166,800) |
| Total income tax expenses | 3,060,688 | 9,697,066 |

## 21. LOSS PER SHARE

*Basic loss per share*

Basic loss per share attributable to equity holders of the company is calculated by dividing the net loss attributable to owners of the company by the weighted average number of ordinary shares issued during the year.

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| **Basic loss per share** | | |
| Loss attributable to ordinary shareholders of the Company (Baht) | (20,779,305) | (324,243,936) |
| Number of ordinary shares issued as at 1 January (Share) | 4,500,000 | 4,500,000 |
| Adjustment for shares issued and paid-up (Share) | - | - |
| Weighted average number of ordinary shares outstanding (Share) | 4,500,000 | 4,500,000 |
| Loss per share (Baht per share) | (4.62) | (72.05) |

Therefore, the Company has no effects of dilutive potential ordinary shares and has net loss for the comparative year thus no calculation of diluted loss per share.

## 22. FINANCIAL INSTRUMENTS

### 22.1 Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors.

The Company's risk management policies are established to identify and analyses the risks faced by the Company's to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company's, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's board of directors overseas how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company's. The Company's board of directors is assisted in its oversight role by risk management committee. Risk management committee undertakes both regular and ad hoc reviews of risk management controls and procedures.

22.2 Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates, currency exchange rates and digital assets exchange rates, and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

22.3 Capital liquidity level maintenance and capital management

Capital liquidity level maintenance is to maintain capital stability to maintain trust from investor, creditor and market and to sustain the future development of the business. The Office of Securities and Exchange Commission (SEC) governs through the regularly report submission from digital assets operators, according to the following notifications;

- The Notification of the Office of Securities and Exchange Commission No. GorThor.19/2561 Re: Rules, Conditions and Procedures for Undertaking Digital Assets Businesses which was amended by No. GorThor.27/2565 noting that Undertaking Digital Assets Businesses operator license regarding this notification has custody of customers' assets, shall maintain net capital level as of the end of business day as following rules:

    - Not less than Baht 15 million, and
    - Not less than 5% of customers' assets, except for the customers' assets has been kept in digital assets business operator's system and connected with network when transacting only (cold wallet), the Company shall maintain at 1% of customers' assets.
    - Not less than 90% of total customers' assets connected with network when transacting only (cold wallet).

In case of digital assets business operators cannot maintain the capital level, all of the Company's operation will be suspended until the Company is able to maintain the capital level as required.

- The Notification of the Office of Securities and Exchange Commission No. SorThor.73/2563 Re: Calculation and Preparation Reports of Capital, the Company shall explicate to SEC in case of the capital level equal to or less than 1.5 times of the required net capital level.

- The Notification of the Office of the Securities and Exchange Commission No. GorThor.32/2563 Re: Prescription of Paid-up Registered Capital of a License Applicant in Undertaking Digital Asset Businesses by SEC stated that the Company shall remain the authorized and paid-up capital not less than Baht 25 million for being a cryptocurrency broker or a digital token broker.

During the year 2022, the Company kept customers' assets connected with network when transacting only (cold wallet) less than 90% of total customers' assets. There is not able to comply with the above SEC's requisition. (Note 23)

22.4 Significant financial instruments risk

As at 31 December 2022 and 2021, the Company has not speculated in or engaged in trading of any off-financial position financial derivatives instruments.

The periods of time from the end of reporting period to the maturity dates of financial instruments as of 31 December 2022 and 2021 are as follows:

| | Million Baht | | | | |
|---|---|---|---|---|---|
| | As at 31 December 2022 | | | | |
| | At call | Within 1 year | 1 – 5 years | No Limit | Total |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 156.60 | - | - | - | 156.60 |
| Restricted cash deposit with custodian | 6.80 | - | - | - | 6.80 |
| Loan to related parties | 51.80 | - | - | - | 51.80 |
| Trade and other receivables - related parties | 9.53 | - | - | - | 9.53 |
| Advance paid to related parties | 29.70 | - | - | - | 29.70 |
| Customer custodial funds held by the Company | 1,496.86 | - | - | - | 1,496.86 |
| Custodial funds held by the Company - related party | 482.58 | - | - | - | 482.58 |
| Other current financial assets | - | 2.77 | - | - | 2.77 |
| Total | 2,233.87 | 2.77 | - | - | 2,236.64 |
| **Financial liabilities** | | | | | |
| Custodial funds due to customers | 1,496.86 | - | - | - | 1,496.86 |
| Custodial funds due to customer - related party | 482.58 | - | - | - | 482.58 |
| Trade and other payables | 363.65 | - | - | - | 363.65 |
| Advance received from related parties | 18.00 | - | - | - | 18.00 |
| Total | 2,361.09 | - | - | - | 2,361.09 |

| | Million Baht | | | | |
|---|---|---|---|---|---|
| | As at 31 December 2021 | | | | |
| | At call | Within 1 year | 1 – 5 years | No Limit | Total |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 21.69 | - | - | - | 21.69 |
| Advance paid to related parties | 14.78 | - | - | - | 14.78 |
| Customer custodial funds held by the Company | 5,184.09 | - | - | - | 5,184.09 |
| Custodial funds held by the Company - related party | 158.47 | - | - | - | 158.47 |
| Other current financial assets | - | 2.77 | - | - | 2.77 |
| Total | 5,379.03 | 2.77 | - | - | 5,381.80 |
| **Financial liabilities** | | | | | |
| Custodial funds due to customers | 5,184.09 | - | - | - | 5,184.09 |
| Custodial funds due to customer - related party | 158.47 | - | - | - | 158.47 |
| Advance received from related parties | 14.57 | - | - | - | 14.57 |
| Trade and other payables | - | 23.04 | 456.50 | - | 479.54 |
| Total | 5,357.13 | 23.04 | 456.50 | - | 5,836.67 |

## 22.5 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows.

| | As at 31 December 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Outstanding balances of net financial instruments reprising or maturity dates | | | | | |
| | Fixed interest rate | | | | | Interest rate |
| | At call | Within 1 year | 1 – 5 years | No interest | Total | Fixed rate |
| | (Million Baht) | | | | | (%) |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 156.60 | - | - | - | 156.60 | 0.05 - 0.30 |
| Restricted cash deposit with custodian | 6.80 | - | - | - | 6.80 | - |
| Loan to related parties | 15.35 | - | - | 36.45 | 51.80 | 4.25 |
| Trade and other receivables - related parties | - | - | - | 9.53 | 9.53 | - |
| Advance paid to related parties | - | - | - | 29.70 | 29.70 | - |
| Customer custodial funds held by the Company | 200.93 | - | - | 1,295.93 | 1,496.86 | 0.10 - 0.30 |
| Custodial funds held by the Company - related party | 1.99 | - | - | 480.59 | 482.58 | - |
| Other current financial assets | - | 2.77 | - | - | 2.77 | 0.25 - 0.85 |
| Total | 381.67 | 2.77 | - | 1,852.20 | 2,236.64 | |
| **Financial liabilities** | | | | | | |
| Custodial funds due to customers | 200.93 | - | - | 1,293.93 | 1,496.86 | - |
| Custodial funds due to customer - related party | 1.99 | - | - | 480.59 | 482.58 | |
| Trade and other payables | - | - | - | 363.65 | 363.65 | - |
| Advance received from related parties | - | - | - | 18.00 | 18.00 | - |
| Total | 202.92 | - | - | 2,158.17 | 2,361.09 | |

| | As at 31 December 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Outstanding balances of net financial instruments reprising or maturity dates | | | | | |
| | Fixed interest rate | | | | | Interest rate |
| | At call | Within 1 year | 1 – 5 years | No interest | Total | Fixed rate |
| | (Million Baht) | | | | | (%) |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 21.69 | - | - | - | 21.69 | 0.05 - 0.25 |
| Advance paid to related parties | - | - | - | 14.78 | 14.78 | - |
| Customer custodial funds held by the Company | 297.26 | - | - | 4,886.82 | 5,184.08 | 0.05 - 0.25 |
| Custodial funds held by the Company - related party | 2.22 | - | - | 156.25 | 158.47 | - |
| Other current financial assets | - | 2.77 | - | - | 2.77 | 0.15 - 0.75 |
| Total | 321.17 | 2.77 | - | 5,057.85 | 5,381.79 | |
| **Financial liabilities** | | | | | | |
| Custodial funds due to customers | 297.26 | - | - | 4,886.82 | 5,184.08 | - |
| Custodial funds due to customers - related party | 2.22 | - | - | 156.25 | 158.47 | - |
| Trade and other payables | - | - | - | 321.07 | 321.07 | - |
| Advance received from related parties | - | - | - | 14.57 | 14.57 | - |
| Total | 299.48 | - | - | 5,378.71 | 5,678.19 | |

22.6 Foreign currency risk

The Company is exposed to foreign currency risk relating to translation digital assets which are denominated in foreign currencies as at 31 December 2022, the Company has financial assets and financial liabilities denominated in foreign currencies that did not hedge by the forward contract as below.

| | Exchange rate | | | |
|---|---|---|---|---|
| | As of 31 December 2022 | | | |
| Currency | Financial assets | Financial liabilities | Buying rate | Selling rate |
| US Dollar | 1,514,556 | 928,187 | 34.4913 | 34.7325 |
| Euro | 28,292 | - | 36.4494 | 37.2053 |
| Hong Kong Dollar | 4,205 | 1,000 | 4.3909 | 4.4771 |

22.7 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers or counterparty. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, management does not anticipate material losses from its debt collection.

22.8 Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

22.9 Fair value of financial assets and financial liabilities

The fair value disclosures, considerable judgement is necessarily required in estimation of fair value. Accordingly, the estimated fair value presented here in is not necessarily indicative of the amount that could be realised in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair values of financial instruments.

*Financial assets and financial liabilities measured at fair value*

The following table presented financial assets and liabilities that are measured at fair value as of 31 December in each level including fair value of financial assets and liabilities.

| Description | Million Baht | | | |
|---|---|---|---|---|
| | 2022 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | |
| Customer digital assets funds assets held by the Company | - | 1,295.93 | - | 1,295.93 |
| Digital assets funds held by the Company - related party | - | 480.59 | - | 480.59 |
| Digital assets | - | 158.04 | - | 158.04 |
| **Total** | - | 1,934.56 | - | 1,934.56 |
| **Financial liabilities** | | | | |
| Digital assets funds due to customers | - | 1,295.93 | - | 1,295.93 |
| Digital assets funds due to customers - related party | - | 480.59 | - | 480.59 |
| **Total** | - | 1,776.52 | - | 1,776.52 |

| Description | Million Baht | | | |
|---|---|---|---|---|
| | 2021 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | |
| Customer digital assets funds assets held by the Company | - | 4,886.82 | - | 4,886.82 |
| Digital assets funds held by the Company - related party | - | 156.25 | - | 156.25 |
| Digital assets | - | 364.52 | - | 364.52 |
| **Total** | - | 5,407.59 | - | 5,407.59 |
| **Financial liabilities** | | | | |
| Digital assets funds due to customers | - | 4,886.82 | - | 4.886.82 |
| Digital assets funds due to customers - related party | - | 156.25 | - | 156.25 |
| **Total** | - | 5,043.27 | - | 5,043.27 |

22.10 Categories of financial assets and financial liabilities

The carrying amount of financial assets and financial liabilities as at 31 December 2022 consisted of:

| | Million Baht | | | |
|---|---|---|---|---|
| | Fair value through profit or loss | Fair value through other comprehensive income | Amortised cost | Total |
| **Financial assets** | | | | |
| Cash and cash equivalents | - | - | 156.60 | 156.60 |
| Restricted cash deposit with custodian | - | - | 6.80 | 6.80 |
| Loan to related parties | - | - | 51.80 | 51.80 |
| Trade and other receivables | - | - | 9.53 | 9.53 |
| - related parties | | | | |
| Advance paid to related parties | - | - | 29.70 | 29.70 |
| Customer custodial funds held | | | | |
| by the Company | - | 1,295.53 | 200.93 | 1,496.86 |
| Custodial funds held by the Company | | | | |
| - related party | - | 480.59 | 1.99 | 482.58 |
| Digital assets - net | - | 158.04 | - | 158.04 |
| Other current financial assets | - | - | 2.77 | 2.77 |
| **Financial liabilities** | | | | |
| Custodial funds due to customers | - | 1,295.93 | 200.93 | 1,496.86 |
| Custodial funds due to customer | | | | |
| - related party | - | 480.59 | 1.99 | 482.58 |
| Trade and other payables | - | - | 363.65 | 363.65 |
| Advance received from related parties | - | - | 18.00 | 18.00 |

## 23. FINES FROM GOVERNMENT AGENCY

During the year ended 31 December 2022 and 2023, the Company imposed the fines from the Securities and Exchange Commission (SEC) as follows:

23.1 The SEC filed charges on 19 March 2024, against the Company, in its capacity as a digital asset broker, for failing to submit and publish its 2022 annual financial statements on the Company's website within the specified deadline of 2 May 2023. However, after the Company provided testimony to the investigating officers, it was found that the statute of limitations for the case had expired, so no prosecution order was issued.

23.2 The SEC filed charges on 13 March 2023, against the Company, in its capacity as a digital asset broker, for failing to submit and publish its 2021 annual financial statements on the Company's website within the specified deadline of 3 May 2022. However, after the Company provided testimony to the investigating officers, it was found that the statute of limitations for the case had expired, so no prosecution order was issued.

23.3 Settlement Order No. 5/2023 imposed a fine in the amount of Baht 243,750 for the actions of the Company, who is the digital asset broker, as the digital asset operator, committed during 25-27 November 2023 and 23 December 2023, including the keeping and maintaining its clients' digital assets in cold wallet less than 90% of the total amount of digital assets kept and maintained and the failing to keep and maintain clients' digital assets with the qualified digital assets custodian. The total violation period is 4 days.

23.4 Settlement Order No. 6/2022 imposed a fine in the amount of Baht 427,000 for the actions of the Company, who is the digital asset broker, as the digital asset operator, liable for submitting the financial statement of 2020 and publishing such financial reports on the Company's website within the period specified by the SEC. The SEC did extend the period to 30 June 2021. However, the Company submitted the financial statements for 2020 and published such financial information on the Company's website on 2 June 2022. Those actions are considered as the delay in submitting the financial statement of 2020 as specified under the official announcement.

23.5 Settlement Order No. 6/2022 imposed a fine in the amount of Baht 146,000 for the actions of the Company, who is the digital asset broker, as the digital asset operator, liable for submitting the financial statement of 2021 and publishing such financial reports on the Company's website within the period specified by the SEC, on 3 May 2022. However, the Company failed to submit the financial statements for 2021 and published such financial information on the Company's website within the required period.

23.6 Settlement Order No. 13/2022 imposed a fine in the amount of Baht 6,357,000 for the actions of the Company, who is the digital asset broker, as the digital asset operator, committed from 1 August 2021 to 31 March 2022, including the keeping and maintaining its clients' digital assets in cold wallet less than 90% of the total amount of digital assets kept and maintained and the failing to keep and maintain clients' digital assets with the qualified digital assets custodian. The total violation period is 243 days.

## 24. LEGAL CASES

FTX Trading Ltd. ("FTX") filed for bankruptcy on 11 November 2022. However, the Company still has a balance with FTX valued at Baht 27.9 million. The court has appointed Kroll Restructuring Administration LLC to have the authority to repay debtor liabilities.

24.1 On 20 December 2022, the court called a meeting for debtors and clarified assets to be repaid to debtors.

24.2 On 31 March 2023, the Company received an email confirming the amount FTX will repay, the value of which was per the outstanding balance the Company has with FTX.

24.3 On 13 July 2023, the Company received an email from Bit Go, Inc. ("BitGo"), FTX's asset custody service provider, confirming the outstanding balance the Company has with FTX.

24.4 On 20 July 2023, the Company received an email from BitGo asking the Company to resubmit a formal repayment request, and such proceeding is currently in the process of receivership. The next repayment process will commence once FTX receives confirmation from all debtors.

24.5 On 21 June 2024, the Company received an email notifying it to choose a liquidation process. The Company had two options for liquidation: 1.FTX Trading Ltd., registered in Antigua and Barbuda, which operates the FTX.com platform and is currently undergoing bankruptcy proceedings under Chapter 11 in the United States. 2.FTX Digital Markets Ltd., registered and established in the Bahamas, responsible for U.S. compliance and customer verification for the FTX.com platform and currently undergoing liquidation in the Bahamas.

The Company chose to proceed under U.S. law as a Class 7A Dotcom Convenience Claim holder and is eligible to vote on the reorganization plan under the jurisdiction of the U.S. bankruptcy court.

However, the Company's management has already set an estimate for the expected recoverable value in the financial statements for the year 2021.

## 25. COMMITMENTS

As at 31 December 2022, the Company has been entered into services agreement as follows:

| | Baht | |
|---|---|---|
| | 2022 | 2021 |
| **Future minimum payments under non-cancellable agreement** | | |
| Within one year | 16,582,736 | 27,072,000 |
| 1 - 5 years | 30,582,215 | 15,000,000 |
| Total | 47,164,951 | 42,072,000 |

## 26. EVENTS AFTER REPORTING PERIOD

On 27 March 2023, the Annual General Meeting of Shareholders of the Company passed a resolution to increase in its register capital amounting to Baht 6.00 million, by issuing 600,000 new ordinary shares with par value of Baht 10 per share, resulting the increase of existing registered capital from Baht 45.00 million to Baht 51.00 million.

## 27. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the shareholders of the Company on 15 August 2024.