

CPF Trading Company Limited and its Subsidiaries and the Combining Entities
Notes to the combined consolidated financial statements
For the years ended 31 December 2022, 2021 and 2020

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These notes form an integral part of the combined consolidated financial statements.

The combined consolidated financial statements were approved and authorised for issue by the Board of Director on 27 February 2023.

1 General information

CPF Trading Company Limited, the “Company”, is a limited company incorporated in Thailand on 7 December 2000 and has its registered office at 1 C.P. Tower 2, 28th, 29th and 31st Floor, Ratchadaphisek Road, Kwaeng Din Daeng, Khet Din Daeng, Bangkok 10400, Thailand.

The immediate and the ultimate parent companies of the Group and the Company are C.P. Merchandising Co., Ltd. (“CPM”), which owns 99.99% of the Company’s share capital and Charoen Pokphand Foods Public Company Limited (“CPF”), respectively. Both companies were incorporated in Thailand.

Business restructuring

In December 2022, Board of Directors of CPF approved a restructuring of food trading, restaurant operations, pet snack businesses of CPF and its Subsidiaries (“CPF Group”) under which the Company acquired a group of companies which were previously subsidiaries of CPM and export trading businesses directly operated by CPM (“Combining Entities”). The acquisition of the group of companies which were previously subsidiaries of CPM was completed in December 2022.

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Details of the acquired companies which were previously subsidiaries of CPM were as follows:

Name of the entities	Acquisition date	Ownership interest (%)	Consideration transferred	Carrying amount of net assets	(Unit: Million Baht) Surplus (deficit) on common control transactions
• Chester's Food Co., Ltd.	15 December 2022	99.99	523	534	11
• CP Foods Singapore Pte. Ltd.	15 December 2022	100.00	118	249	131
• CPF Denmark A/S	15 December 2022	52.00	110	265	155
• CPF Hong Kong Co., Ltd.	15 December 2022	100.00	572	498	(74)
• CPF Restaurant and Food Chain Co., Ltd.	15 December 2022	99.99	666	986	320
• C.P. Food Products, Inc.	15 December 2022	100.00	1,233	1,333	100
• International Pet Food Co., Ltd.	15 December 2022	99.99	501	689	188
• Consumer Package Commerce Co., Ltd.*	16 December 2022	100.00	59	95	36
• CPF Europe S.A.*	16 December 2022	99.99	2,619	5,884	3,265
Total			6,401	10,533	4,132

* Indirect subsidiaries acquired by CPF Hong Kong Co., Ltd.

Subsequently, on 1 February 2023, CPF Food Network Co., Ltd. ("CPFNW"), a new incorporated subsidiary of the Company signed Sale and Purchase Agreements to receive the transfer of the carve-out export trading businesses except Australia from CPM with consideration transferred amounting to Baht 419 million and net assets received amounting to Baht 345 million. The transfer of the carve-out export trading businesses to CPFNW was completed on 1 February 2023.

On 27 February 2023, the Company's Board of Directors approve to set up a new subsidiary incorporated in Australia, CPF Australia Pty. Ltd, to receive the transfer of the export trading business in Australia from CPM which is expected to be completed in the second quarter of 2023.

All the acquisitions were assessed by Management as business acquisitions of entities or businesses which are controlled commonly by the ultimate controlling shareholder before and after the acquisition dates and that control was not transitory.

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The principal activities of the Company and its Subsidiaries and the Combining Entities (together referred to as the “Group”) are food trading, restaurant operations, pet snack businesses. As the flagship food trading and distribution business of the CPF Group, the Group is the distributor of CPF Group’s food products in Thailand and overseas.

Details of the Company’s subsidiaries as at 31 December were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)		
			2022	2021	2020
1) Chester’s Food Co., Ltd.	Restaurant business	Thailand	99.99	-	-
2) CP Foods Singapore Pte. Ltd.	Importer and distributor of fresh meat and processed food, including Ready-to-eat (“RTE”) products and seafood	Singapore	100.00	-	-
3) CPF Denmark A/S ⁽¹⁾	Importer and distributor of fresh meat and processed food, including RTE products and frozen fruit	Denmark	52.00	-	-
4) CPF Hong Kong Co., Ltd.	Importer and distributor of eggs, fresh meat, processed meat, seafood, milk product, RTE products, frozen fruit, and investment	Hong Kong Special Administrative Region	100.00	-	-
4.1) Consumer Package Commerce Co., Ltd. ⁽²⁾	Importer and distributor of fresh meat and processed food	South Korea	100.00	-	-
4.2) CPF Europe S.A.	Importer and distributor of fresh meat, processed food, including RTE products, dry food, ingredients, seafood, and investment	Belgium	99.99	-	-
4.2.1) CP Foods (UK) Limited	Importer, repacking services, and distributor of processed meat, including RTE products	United Kingdom	99.99	-	-
4.2.1.1) The Foodfellas Limited	Importer/exporter and distributor of ingredients, food products and frozen fruit	United Kingdom	99.99	-	-
4.2.2) Paulsen Food GmbH	Distributor of fresh meat, processed products, seafood and investment	Germany	99.99	-	-
4.2.2.1) CPF Distribution GmbH	Distribution of ready meals	Germany	99.99	-	-

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)		
			2022	2021	2020
4.2.2.2) ZGG Verwaltungs GmbH	Investment	Germany	99.99	-	-
4.2.3) Westbridge Food Group Limited	Investment	United Kingdom	99.99	-	-
4.2.3.1) Food Trac Limited	Distribution of meat products	United Kingdom	99.99	-	-
4.2.3.2) Westbridge Foods Limited	Importer and distributor of meat and ready meals	United Kingdom	99.99	-	-
4.2.3.2.1) Westbridge Foods (Thailand) Limited	Provision and development for Asian food product	Thailand	99.99	-	-
4.2.3.3) Westbridge Foods (France) SARL	Distribution of meat products	France	99.99	-	-
4.2.3.4) Westbridge Group License Companies ⁽³⁾	Importer of poultry meat products	United Kingdom	-	-	-
4.2.3.5) Westbridge Holding B.V.	Investment	Netherlands	99.99	-	-
4.2.3.6) Westbridge (Qingdao) Trading Co., Ltd.	Provision and development for Asian food product	China	99.99	-	-
4.2.3.7) Wignall Holdings Limited ⁽³⁾	Investment	United Kingdom	-	-	-
4.2.3.7.1) Westbridge Foods (Haydock) Limited ⁽³⁾	Distribution of fresh meat products	United Kingdom	-	-	-
5) CPF Restaurant and Food Chain Co., Ltd.	Five stars business and restaurant	Thailand	99.99	-	-
6) C.P. Food Products, Inc.	Importer and distributor of seafood products, RTE products, and frozen fruit	United States of America	100.00	-	-
7) International Pet Food Co., Ltd.	Production and sale of pet snack product	Thailand	99.99	-	-
8) CPF Food Network Co., Ltd.	Exporter and importer of processed food, including RTE products	Thailand	99.99	-	-

⁽¹⁾ The Group has the power to govern this company.

⁽²⁾ Acquired by CPM in 2021.

⁽³⁾ Closed in 2022.

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2 Basis of preparation of the combined consolidated financial statements

2.1 Purpose of the preparation

The combined consolidated financial statements have been prepared for the purpose of inclusion in the Offering Memorandum for the initial public offering of ordinary shares of CPF Trading Company Limited to the Securities and Exchange Commission in Thailand for domestic and foreign investors. The combined consolidated financial statements present the historical information of CPF Trading Company Limited and its Subsidiaries and the Combining Entities which are controlled commonly by the ultimate controlling shareholder.

2.2 First-time adoption of Thai Financial Reporting Standards (“TFRS”)

These combined consolidated financial statements for the year ended 31 December 2022 are the first consolidated, combined and carve-out financial statements that the Group has prepared to reflect the combined financial information of the Company and its Subsidiaries and the Combining Entities which are under common control over the relevant periods from 1 January 2020. Accordingly, the Group has prepared the combined consolidated financial statements that comply with TFRS and guidelines promulgated by the Federations of Accounting Professions applicable as at and for the year ended 31 December 2022, together with the comparative period data for the years ended 31 December 2020 and 2021 as described in the summary of significant accounting policies. In preparing the combined consolidated financial statements, the Group’s opening combined consolidated statement of financial position was prepared as at 1 January 2020, which was the Group’s date of transition to TFRS. As the combined consolidated financial statements of the Group have not been prepared previously, no reconciliation presentation and note are required.

2.3 Basis of the preparation

The combined consolidated financial statements have been prepared to reflect the combined financial information of the Company and its Subsidiaries and the Combining Entities which are under common control over the relevant periods from 1 January 2020, although the acquisition of the Combining Entities from CPM will be completed after the reporting date.

The combined consolidated financial statements are prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including mandatory repayment terms of the banking facilities.

The Company and its Subsidiaries and the Combining Entities represents food trading, restaurant operations, and pet snack businesses of CPF Group, and includes the assets, liabilities, revenue, expenses and cash flows attributable to the food trading, restaurant operations, and pet snack businesses in CPF Group.

The net assets and results of the food trading, restaurant operations, and pet snack businesses were combined using the existing book values from CPF’s perspective.

Intercompany transactions, balances and unrealised gains/losses on transactions between Group companies are eliminated on combination. Assets, liabilities, revenues, expenses and cash flows associated with the legal entities transferred to the Company in connection with the reorganisation exercise have been included in the combined consolidated financial statements.

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Although the transfer of the Combining Entities to the Group has not been completed as at 31 December 2022, their operations will subsequently be transferred to an entity within the Group. As such, assets, liabilities, revenues and expenses of the Combining Entities have been included in the combined consolidated financial statements. The changes in net assets contributed from CPF reflect the Net transfers from (to) parent and are presented under “Contributed capital”.

The Group believes the basis of preparation described above results in the combined consolidated financial statements reflecting the assets, liabilities, revenue, expenses and cash flows associated with the Company and its Subsidiaries and the Combining Entities.

2.4 Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency. All combined consolidated financial information presented in Thai Baht has been rounded in the notes to the combined consolidated financial statements to the nearest million Baht unless otherwise stated.

2.5 Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3 Significant accounting policies

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

(a) Basis of consolidation and combination

The combined consolidated financial statements relate to the Company and its Subsidiaries and the Combining Entities (together referred to as the “Group”), and the Group’s interests in an associate and a joint venture.

Business combinations

The Group applies the acquisition method when the Group assess that the acquired set of activities and assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The acquisition date is the date on which control is transferred to the Group, other than business combinations with entities under common control. Expenses in connection with a business combination are recognised as incurred. All relevant facts and circumstances are considered in determining the acquisition date and determining whether control is transferred from one party to another. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Goodwill, at initial recognition, is measured at the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, when purchase price is more than the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When purchase price is less than net recognised amount of the identifiable assets acquired and liabilities assumed, gain on bargain purchase is immediately recognised in profit or loss.

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Any consideration/contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. In the event that contingent consideration is classified as asset or liability, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that are incurred in connection with a business combination are recorded as expenses as incurred.

If the business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period by the subsequently obtained information, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or deficit from business combinations under common control in equity. The surplus or deficit will be transferred to retained earnings upon divestment of the businesses to outside the Group of parent company.

The results from operations of the acquired businesses will be included in the combined consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

As described in note 2, the combined consolidated financial statements are prepared to reflect the combined financial information of the Group which are under common control over the relevant periods from 1 January 2020, although the acquisition of the carve-out export businesses from CPM will be completed after the reporting date.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the combined consolidated financial statements until the date on which control ceases. If subsidiaries of the Group use accounting policies other than those adopted in the combined consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to their financial statements to comply with the accounting policies of the combined group in preparing the combined consolidated financial statements.

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Losses in a subsidiary which related to non-controlling interests are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as surplus/deficit in equity transactions.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree or the fair value.

Loss of control

When the Group loses control over a subsidiary, the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary are derecognised. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently it is accounted for as new types of investment depending on the level of influence retained.

Interests in equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group recognised investments in associate and joint venture using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the combined consolidated financial statements include the Group's dividend income, share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any income and expenses, are eliminated in full in preparing the combined consolidated financial statements. Unrealised gains or losses arising from associate and joint venture are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Net parent investment

The amounts which reflect the carrying value of investment of the Company and its Subsidiaries and the Combining Entities are disclosed as "Net parent investment".

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rates ruling at that date.

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Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into the functional currency at the foreign exchange rates ruling at the dates that fair value was determined.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign operations are translated into Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in foreign currency translation differences in equity until disposal of the investment.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the Group shall reclassify to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income.

(c) Financial instruments

(c.1) Classification and measurement

Financial assets and financial liabilities (except trade and other accounts receivable (see note 3 (e))) are initially recognised when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value, plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortised cost using the effective interest method or FVTPL. 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.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss, gain or loss on derecognition are recognised in profit or loss.

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Investments in equity securities measured at FVOCI are subsequently measured at fair value. Dividend income is recognised as income in profit or loss on the date on which the Group's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

(c.2) Derecognition and offset

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and the Group intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c.3) Derivatives

Derivatives are recognised at fair value and remeasured at fair value at each reporting date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(c.4) Hedging

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the risk, the economic relationship between the hedged item and the hedging instrument, including consideration of the hedge effectiveness at the inception of the hedging relationship and throughout the remaining period to determine the existence of economic relationship between the hedged item and the hedging instrument.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

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The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is recognised in a cash flow hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the cash flow hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the cash flow hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the cashflow hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the cash flow hedging reserve is immediately reclassified to profit or loss.

(c.5) Impairment of financial assets other than trade accounts receivable

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Group 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 Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group assumes that the credit risk on a financial asset has increased significantly if there is significant deterioration in financial instruments's credit rating, significant deterioration in the operating results of the debtor or 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 Group.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group takes action such as realising security (if any is held).

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(c.6) Write-offs

The gross carrying amount of a financial asset is written off when the Group 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.

(c.7) Interest

Interest income and expense are recognised in profit or loss using the effective interest method. In calculating interest income and 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.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments which have maturities of three months or less from the date of acquisition and bank overdrafts that are repayable on demand.

(e) Trade and other accounts receivable

Trade and other accounts receivable are recognised when the Group has an unconditional right to receive consideration and are stated at their invoice value less allowance for expected credit loss. Bad debts are written off after performing the appropriate procedures prescribed in the Revenue Code.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find the ECLs rates. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

(f) Inventories

Finished goods, raw materials, and supplies are measured principally at the lower of cost (first in first out method) and net realisable value.

Work in progress is measured principally at the lower of cost and net realisable value.

Cost includes direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) Investment properties

Investment properties (land) are measured at cost less accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of investment properties, and other costs directly attributable to bringing the investment property to a working condition for its intended use.

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(h) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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 direct labour, capitalised borrowing costs, and other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. 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 property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Differences between the proceeds from disposal with the carrying amount of property, plant and equipment, are recognised in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an asset and recognised on profit or loss. No depreciation is provided on freehold land and assets under construction and installation.

The estimated useful lives are as follows:

Buildings	20 - 40	years
Leasehold improvements	5 - 20	years
Utilities system	5 - 20	years
Machinery and equipment	2 - 30	years
Furniture, fixtures and office equipment	2 - 10	years
Vehicles	3 - 5	years

(i) Goodwill

Goodwill is measured at cost less accumulated impairment losses. The carrying amount of goodwill related to associate and joint venture is included in the carrying amount of the investment in associate and joint venture.

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(j) Intangible assets

Research and development

Development expenditure is capitalised only if they can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure and expenditure on research activities are recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses. The expenditure cost includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs. Subsequent expenditure is capitalised only when it increases the future economic benefits.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate future economic benefits embodied in the specific asset to which it relates.

Other intangible assets that are acquired by the Group and have indefinite useful lives are trademarks, they are measured at cost less accumulated impairment losses and not amortised.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date that they are available for use.

The estimated useful lives are as follows:

Development costs	3 - 10 years
Customer relationships	10 - 15 years
Trademarks	Indefinite useful life
Software licenses	3 - 10 years

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices of each component. For the leases of property, the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases with less than 12 months of lease term and low value assets which are recognised as expenses on a straight-line basis over the respective lease terms.

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Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of the lease liability. The cost of a right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Group uses the Group's incremental borrowing rate to discount the lease payments to the present value. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(l) *Impairment of non-financial assets*

The carrying amounts of the Group'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 in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Calculation of recoverable amount

The recoverable amount 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

An impairment loss on asset recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. 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 of depreciation or amortisation, if no impairment loss had been recognised.

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(m) Employee benefits

Post-employment benefit - defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by using actuarial techniques and separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted by using the projected unit credit method to determine the present value of the defined benefit obligation and the current service cost.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

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

Termination benefits

Termination benefits are recognised as an expense in profit or loss at the earlier of:

- (1) When the Group can no longer withdraw the offer of those benefits or
- (2) When the Group recognises costs for a restructuring.

If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefit obligations are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

A liability is recognised for the amount expected to be paid if the Group 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.

(n) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

(o) Fair values measurement

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 Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

- Level 1: quoted prices 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.
- Level 3: inputs for the asset or liability that are based on unobservable inputs.

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group 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 Group determines that the fair value on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value adjusted for the difference between the fair value on initial recognition and the transaction price and the difference is recognised in profit or loss immediately. However, for the fair value categorised as level 3, such difference is deferred and will be recognised in profit or loss on an appropriate basis over the life of the instrument or until the fair value level is transferred or the transaction is closed out.

(p) Revenue

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

Sale of goods

Revenue from sales of goods is recognised at a point of time when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Customer loyalty programme

The consideration received is allocated based on the relative stand-alone selling price of the products and the loyalty points. The amount allocated to the loyalty points is recognised as contract liabilities and revenue is recognised when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The loyalty points expire at the end of calendar year.

Tax rebate income from exported goods

Tax rebate income from exported goods is recognised in profit or loss when the related sales are recognised as income.

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Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Other income

Other operating income is recognised in profit or loss on the accrual basis.

(q) *Income tax*

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax

Current tax is recognised in respect of the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised, using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognised for goodwill which is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and the temporary differences associated with investments in subsidiaries, associate and joint venture to the extent that the group is able to control the timing of the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) *Segment reporting*

Segment results that are reported to the President (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 *Related parties*

Related parties are those parties considered to be related to the Group. Related parties have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions or where the Group and parties are subject to common control or common significant influence.

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4.1 Significant transactions with related parties for the years ended 31 December

	<i>(Unit: Million Baht)</i>		
	2022	2021	2020
(a) Income			
Ultimate parent company			
Sale of goods	7	19	22
Other income	6	15	7
Associate			
Sale of goods	937	753	653
Related companies			
Sale of goods	48,689	32,453	27,841
Other income	619	654	379
Interest income	9	9	10
Rental income	6	3	6
(b) Expenses and others			
Ultimate parent company			
Purchase of goods	4,857	5,233	4,324
Interest expense	-	-	3
Other expenses	64	47	-
Related companies			
Purchase of goods	112,471	86,228	81,419
Transportation fees	1,947	327	106
Software application fees	215	230	209
Rental and service fees	171	159	144
Purchase of right-of-use asset	108	243	408
Training and seminar fees	85	48	51
Purchase of equipment and others	17	33	18
Interest expense	13	17	29
Repair expense	6	18	10
Construction cost of buildings, structures, and others	1	55	44
Loss on sale of plant and equipment	-	53	-
Losses on sale of investments	-	14	366
Purchase of intangible asset	-	3	-
Trademark license fee	-	2	12
Purchase of trademarks	-	-	349
Other expenses	397	333	270

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4.2 Balances with related parties as at 31 December were as follows:

4.2.1 Accounts receivable - trade and others

	<i>(Unit: Million Baht)</i>		
	2022	2021	2020
Ultimate parent company	2	3	10
Associate	158	100	87
Related companies	8,901	7,291	5,435
Total	9,061	7,394	5,532

4.2.2 Short-term loans

	<i>(Unit: Million Baht)</i>					
	Outstanding balance			Average balance		
	2022	2021	2020	2022	2021	2020
Related companies	42	59	140	49	80	108
Total	42	59	140	49	80	108

Short-term loans to related companies bear interest at 5.00% per annum (2021 and 2020: 3.25% per annum and 3.62% per annum, respectively). The Group computes the average balance from the outstanding balances of short-term loans at the end of each month excluding accrued interest income.

4.2.3 Long-term loans

	<i>(Unit: Million Baht)</i>					
	Outstanding balance			Average balance		
	2022	2021	2020	2022	2021	2020
Related companies	285	247	242	261	248	221
Total	285	247	242	261	248	221

Long-term loans to related companies bear interest at 2.65% per annum (2021 and 2020: 2.63% per annum and 2.64% per annum, respectively). The Group computes the average balance from the outstanding balances of long-term loans at the end of each month excluding accrued interest income.

4.2.4 Accounts payable - trade and others

	<i>(Unit: Million Baht)</i>		
	2022	2021	2020
Ultimate parent company	457	599	464
Associate and joint venture	3	2	5
Related companies	10,150	12,120	8,644
Total	10,610	12,721	9,113

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4.2.5 Short-term borrowings

	<i>(Unit: Million Baht)</i>					
	Outstanding balance			Average balance		
	2022	2021	2020	2022	2021	2020
Related companies	8,640	123	415	739	314	80
Total	8,640	123	415	739	314	80

Short-term borrowings from related companies bear interest at 3.79% per annum (2021 and 2020: 3.64% per annum and 4.11% per annum, respectively). The Group computes the average balance from the outstanding balances of short-term borrowings at the end of each month excluding accrued interest expense.

4.2.6 Long-term borrowings

	<i>(Unit: Million Baht)</i>					
	Outstanding balance			Average balance		
	2022	2021	2020	2022	2021	2020
Related companies	-	-	258	-	79	441
Total	-	-	258	-	79	441

Long-term borrowings from related companies bear interest at 5.00% per annum in 2020. The Group computes the average balance from the outstanding balances of long-term borrowings at the end of each month excluding accrued interest expense.

4.2.7 Lease Liabilities

	<i>(Unit: Million Baht)</i>		
	2022	2021	2020
Related companies	294	412	455
Total	294	412	455

4.3 Key management personnel compensation

Key management personnel compensation consists of:

	<i>(Unit: Million Baht)</i>		
	2022	2021	2020
<i>For the year ended 31 December</i>			
Short-term employee benefits	246	284	226
Post-employment under defined benefit plans	2	2	2
Total	248	286	228
<i>As at 31 December</i>			
Provision for employee benefits	51	57	53
Total	51	57	53

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4.4 Commitments

As at 31 December, the Group had commitments with related parties as follows:

Capital commitments

	<i>(Unit: Million Baht)</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Contracted but not provided for</i>			
Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	-	-	<u>7</u>

4.5 Significant agreements

As at 31 December, the Group had the following significant agreements with related parties:

4.5.1 Trademark agreements

The Group has trademark agreements with Charoen Pokphand Group Company Limited (“CPG”), for the right to use trademarks as stipulated in the agreements. In this regard, the Group is committed to pay trademark license fees to CPG based on the total revenue. For the years ended 31 December 2022, 2021 and 2020, the Group recognised the license fees of Baht 0.3 million, Baht 2 million and Baht 5 million in the combined consolidated financial statements, respectively.

4.5.2 Software application agreements

The Group has software application agreements with a related company, CPF IT Center Co., Ltd. Under the terms of the agreements, the related company agrees to provide the Group with information technology services and the Group is committed to pay the service fees based on a number of users of each application. For the years ended 31 December 2022, 2021 and 2020, the Group recognised the service fees of Baht 214 million, Baht 229 million and Baht 203 million in the combined consolidated financial statements, respectively. The agreements may be terminated upon either party agreeing to terminate the agreements or either party being in breach of the agreements.

4.5.3 Service agreements for import and export transactions

The Group has service agreements with a related company, C.P. Intertrade Co., Ltd. (“CPI”). Under the terms of the agreements, CPI agrees to provide documentation and other services relating to import and export transactions of the Group. In this regard, the Group is committed to pay the service fees to CPI based on the number of transactions. For the years ended 31 December 2022, 2021 and 2020, the Group recognised the service fees of Baht 57 million, Baht 55 million and Baht 61 million in the combined consolidated financial statements, respectively.

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4.5.4 Agreements for share service

The Group has share service agreements with parent company (Charoen Pokphand Foods Public Company Limited (“CPF”). Under the terms of the agreements, CPF agrees to provide services related to policy and accounting principles, compliance, legal and financial management and financing. In this regard, the Group is committed to pay the service fees to CPF in accordance with the terms, conditions and rates as stipulated in the agreements. For the years ended 31 December 2022 and 2021, the Group recognised the service fees of Baht 64 million and Baht 47 million in the combined consolidated financial statements, respectively.

5 Cash and cash equivalents

	<i>(Unit: Million Baht)</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash on hand	6	7	10
Cash at banks	7,105	2,808	3,394
Total	<u>7,111</u>	<u>2,815</u>	<u>3,404</u>

6 Inventories

	<i>(Unit: Million Baht)</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Raw materials	59	41	34
Supplies	107	61	50
Work in progress	176	74	52
Finished goods	9,518	6,741	6,623
Inventory in transit	2,342	1,967	1,593
Total	<u>12,202</u>	<u>8,884</u>	<u>8,352</u>
<i>Less allowance for decline in value of inventories</i>	<i>(282)</i>	<i>(211)</i>	<i>(153)</i>
Net	<u>11,920</u>	<u>8,673</u>	<u>8,199</u>

	<i>(Unit: Million Baht)</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Inventories recognised in cost of sale of goods:			
- Cost	153,899	125,185	111,434
- Devaluation to net realisable value	71	58	75
Total	<u>153,970</u>	<u>125,243</u>	<u>111,509</u>

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7 Property, plant and equipment

(Unit: Million Baht)

	Land	Buildings, leasehold improve- ments and utilities system	Machinery and equipment	Furniture, fixture and office equipment and vehicles	Assets under construction and installation	Total
<i>Cost</i>						
As at 1 January 2020	4	967	1,772	672	62	3,477
Additions	-	10	56	328	279	673
Transfers	-	92	42	(1)	(153)	(20)
Disposals	-	(77)	(97)	(22)	-	(196)
Currency translation differences	1	4	7	6	-	18
As at 31 December 2020 and 1 January 2021	5	996	1,780	983	188	3,952
Additions	-	3	36	486	352	877
Transfers	-	321	58	78	(457)	-
Disposals	-	(517)	(381)	(505)	-	(1,403)
Currency translation differences	-	3	16	7	-	26
As at 31 December 2021 and 1 January 2022	5	806	1,509	1,049	83	3,452
Additions	-	1	16	397	236	650
Transfers	-	146	31	36	(226)	(13)
Disposals	-	(66)	(123)	(74)	-	(263)
Currency translation differences	-	(2)	(11)	(6)	(1)	(20)
As at 31 December 2022	5	885	1,422	1,402	92	3,806

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7 Property, plant and equipment (continued)

(Unit: Million Baht)

	<u>Land</u>	<u>Buildings, leasehold improve- ments and utilities system</u>	<u>Machinery and equipment</u>	<u>Furniture, fixture and office equipment and vehicles</u>	<u>Assets under construction and installation</u>	<u>Total</u>
<i>Accumulated depreciation and impairment losses</i>						
As at 1 January 2020	-	(443)	(675)	(442)	-	(1,560)
Depreciation charge for the year	-	(74)	(273)	(102)	-	(449)
Reversal of impairment losses	-	-	-	7	-	7
Disposals	-	60	84	21	-	165
Currency translation differences	-	(2)	(5)	(4)	-	(11)
As at 31 December 2020 and 1 January 2021	-	(459)	(869)	(520)	-	(1,848)
Depreciation charge for the year	-	(74)	(232)	(149)	-	(455)
Reversal of impairment losses	-	-	-	1	-	1
Disposals	-	175	263	225	-	663
Currency translation differences	-	(1)	(10)	(4)	-	(15)
As at 31 December 2021 and 1 January 2022	-	(359)	(848)	(447)	-	(1,654)
Depreciation charge for the year	-	(62)	(167)	(208)	-	(437)
Disposals	-	44	110	70	-	224
Currency translation differences	-	1	7	4	-	12
As at 31 December 2022	-	(376)	(898)	(581)	-	(1,855)
<i>Net book value</i>						
As at 31 December 2020 and 1 January 2021	5	537	911	463	188	2,104
As at 31 December 2021 and 1 January 2022	5	447	661	602	83	1,798
As at 31 December 2022	5	509	524	821	92	1,951

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2022 amounted to Baht 755 million (2021 and 2020: Baht 669 million and Baht 860 million, respectively).

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8 Leases

As a lessee

<i>Right-of-use assets</i>	<i>(Unit: Million Baht)</i>		
<i>As at 31 December</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Land and Buildings	595	716	1,347
Equipment	29	63	110
Vehicles	182	190	237
Leasehold rights	9	14	20
Total	<u>815</u>	<u>983</u>	<u>1,714</u>

In 2022, additions to the right-of-use assets of the Group were Baht 249 million (2021 and 2020: Baht 581 million and Baht 1,105 million, respectively).

The Group has several lease agreements with related parties and other individuals which cover office premises, facilities, equipment and vehicles for a period of 1 to 18 years, expiring in 2023 to 2040 years.

<i>For the year ended 31 December</i>	<i>(Unit: Million Baht)</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Amounts recognised in profit or loss</i>			
Depreciation of right-of-use assets:			
- Land and Buildings	238	263	278
- Equipment	60	55	49
- Vehicles	89	98	91
Interest on lease liabilities	34	55	52
Expenses relating to short-term leases	153	136	132
Expenses relating to leases of low-value assets	9	10	18
Variable lease payments based on sales	10	6	2
Total lease expense	172	152	152
Contingent rent expense	29	34	44

In 2022, total cash outflow for leases of the Group were Baht 579 million (2021 and 2020: Baht 629 million and Baht 628 million, respectively).

9 Goodwill

	<i>(Unit: Million Baht)</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Cost/ Net book value</i>			
As at 1 January	608	557	536
Currency translation differences	(39)	51	21
As at 31 December	<u>569</u>	<u>608</u>	<u>557</u>

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Impairment testing

Goodwill is allocated to cash-generating units based on segment and countries of operation.

In evaluating and testing of impairment, the Group determined the recoverable amount of each cash-generating unit based on the higher of its value in use by estimating discounted future cash flows and its fair value less cost of disposal for a sale of the business.

In this regard, the preparation of future cash flows that the Group expects to receive is derived from the determination of financial assumptions based on the management's assessment by considering the factors related to future trends in the relevant industries and historical financial data from external and internal sources of information.

The key assumptions used in the estimation of the value in use were as follows:

	<u>2022</u>	<u>2021</u>	<u>(Unit: %)</u> <u>2020</u>
Discount rates	5.6 - 9.5	4.0 - 16.1	3.0 - 7.3
Terminal growth rates	2.1 - 3.7	1.5 - 2.1	1.5 - 1.8
Revenue growth (average of next five years)	3.2 - 9.6	3.4 - 12.8	3.2 - 11.6

Discount rates

The discount rates were based on weighted average cost of capital comprised of key financial assumptions such as targeted capital structure, cost of debt and cost of equity.

Terminal growth rates

Terminal growth rates were determined based on average consumer price indices, inflation rates, growth rates of the relevant industries in the countries of the operations and the long-term growth plan as well as the comparable businesses in the same industries.

Future cash flow that the Group expects to receive

Future cash flow that the Group expects to receive comprises of budgeted revenue growth, costs and related expenses, by taking the average growth rate in the past, budgeted sale quantities, selling price and expenses into account and referencing to future trend of market growth along with the business strategies and the operation of the Group in the future.

Based on the impairment testing, the recoverable amount was estimated to be higher than its carrying amount and no impairment was required in the combined consolidated financial statements.

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10 Other intangible assets

	<i>(Unit: Million Baht)</i>			
	Development costs	Customer relationships	Trademarks and others	Total
<i>Cost</i>				
As at 1 January 2020	25	953	786	1,764
Additions	28	-	379	407
Disposals	-	-	(1)	(1)
Currency translation differences	1	38	21	60
As at 31 December 2020 and 1 January 2021	54	991	1,185	2,230
Additions	12	-	3	15
Disposals	(36)	-	(3)	(39)
Currency translation differences	1	94	26	121
As at 31 December 2021 and 1 January 2022	31	1,085	1,211	2,327
Transfers	10	-	3	13
Write-off	(1)	-	(6)	(7)
Currency translation differences	(1)	(75)	(17)	(93)
As at 31 December 2022	39	1,010	1,191	2,240
<i>Accumulated amortisation</i>				
As at 1 January 2020	(12)	(286)	(204)	(502)
Amortisation charge for the year	(4)	(97)	(57)	(158)
Currency translation differences	-	(14)	(13)	(27)
As at 31 December 2020 and 1 January 2021	(16)	(397)	(274)	(687)
Amortisation charge for the year	(4)	(107)	(60)	(171)
Disposals	3	-	1	4
Currency translation differences	(1)	(39)	(17)	(57)
As at 31 December 2021	(18)	(543)	(350)	(911)
Amortisation charge for the year	(5)	(104)	(28)	(137)
Write-off	1	-	6	7
Currency translation differences	1	41	17	59
As at 31 December 2022	(21)	(606)	(355)	(982)
<i>Net book value</i>				
As at 31 December 2020 and 1 January 2021	38	594	911	1,543
As at 31 December 2021 and 1 January 2022	13	542	861	1,416
As at 31 December 2022	18	404	836	1,258

The gross amount of the Group's fully amortised intangible assets that were still in use as at 31 December 2022 amounted to Baht 101 million (2021 and 2020: Baht 88 million and Baht 27 million, respectively).

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11 Interest-bearing liabilities

The Group recognises and measures financial liabilities as disclosed in note 20

		<i>(Unit: Million Baht)</i>		
	<i>Note</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Current</i>				
Bank overdrafts, and short-term borrowings from financial institutions		6,915	5,119	6,756
Short-term borrowings from related parties	4	<u>8,640</u>	<u>123</u>	<u>415</u>
Total		<u>15,555</u>	<u>5,242</u>	<u>7,171</u>
Current portion of long-term debts				
Long-term borrowings from financial institutions		153	166	165
Lease liabilities		<u>314</u>	<u>360</u>	<u>420</u>
Total		<u>467</u>	<u>526</u>	<u>585</u>
Total current		<u>16,022</u>	<u>5,768</u>	<u>7,756</u>
<i>Non-current</i>				
Long-term borrowings from financial institutions		479	633	728
Long-term borrowings from related parties	4	-	-	258
Lease liabilities		<u>534</u>	<u>653</u>	<u>1,334</u>
Total non-current		<u>1,013</u>	<u>1,286</u>	<u>2,320</u>
Grand Total		<u>17,035</u>	<u>7,054</u>	<u>10,076</u>

As at 31 December 2022, the Group had secured borrowings totaling Baht 72 million (2021 and 2020: Baht 3 million and Baht 368 million, respectively) which were pledged by various assets as collateral including trade and other receivables and inventories with net book value of Baht 149 million (2021 and 2020: Baht 102 million and Baht 840 million, respectively).

12 Accounts payable - trade and others

		<i>(Unit: Million Baht)</i>		
	<i>Note</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Related parties	4	10,610	12,721	9,113
Other parties		<u>3,654</u>	<u>2,940</u>	<u>2,739</u>
Total		<u>14,264</u>	<u>15,661</u>	<u>11,852</u>

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13 Provision for employee benefits

The Group has defined benefit plans for employee's retirement based on the labor law requirements of each country.

Movements in the present value of the defined benefit obligations for the year ended 31 December were as follows:

	<i>(Unit: Million Baht)</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Defined benefit obligations as at 1 January	910	1,209	1,107
<i>Recognised in profit or loss:</i>			
Current service cost	62	61	58
Interest cost	17	37	32
	<u>79</u>	<u>98</u>	<u>90</u>
<i>Recognised in other comprehensive income:</i>			
Actuarial (gain) losses	(58)	(176)	30
Benefits paid by the plans	(15)	(221)	(18)
Defined benefit obligations as at 31 December	<u>916</u>	<u>910</u>	<u>1,209</u>

Principal actuarial assumptions as at 31 December were as follows:

	<i>(Unit: %)</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Discount rate	2.64	1.90	1.28
Future salary increases	3.00 - 6.00	3.00 - 6.00	3.00 - 6.50

Assumptions regarding future mortality are based on mortality tables of each country.

As at 31 December 2022, the weighted-average duration of the defined benefit obligations was 10 years (2021 and 2020: 10 years and 10 years, respectively).

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.

	<i>(Unit: Million Baht)</i>	
	<u>Increase</u>	<u>Decrease</u>
Defined benefit obligation as at 31 December 2022		
Discount rate (1% movement)	(73)	92
Future salary change (1% movement)	98	(79)

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	<i>(Unit: Million Baht)</i>	
	<u>Increase</u>	<u>Decrease</u>
Defined benefit obligation as at 31 December 2021		
Discount rate (1% movement)	(79)	91
Future salary change (1% movement)	87	(77)
Defined benefit obligation as at 31 December 2020		
Discount rate (1% movement)	(68)	80
Future salary change (1% movement)	76	(70)

14 Segment information and disaggregation of revenue

Segment information is based on the Group's management and internal financial reporting structure which is regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments.

Information about reportable segments

The Group comprises the following main segments:

- Segment 1 : Thailand business
- Segment 2 : International business

Details of the reportable segments' financial information of the Group as at 31 December and for the years then ended were as follows:

	<u>Thailand business</u>			<u>International business</u>			<i>(Unit: Million Baht)</i> <u>Total</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statements of income									
Revenue from sale of goods	<u>104,944</u>	<u>82,843</u>	<u>72,002</u>	<u>65,886</u>	<u>54,911</u>	<u>49,832</u>	<u>170,830</u>	<u>137,754</u>	<u>121,834</u>
Gross profit	<u>11,009</u>	<u>7,684</u>	<u>6,609</u>	<u>5,851</u>	<u>4,827</u>	<u>3,716</u>	16,860	12,511	10,325
Central expense, net							(9,007)	(8,936)	(8,377)
Finance costs							(229)	(211)	(228)
Net foreign exchange gain (loss)							76	(9)	-
Share of profit of associate and joint venture using equity method							15	8	4
Income tax expense	<u>(1,542)</u>	<u>(717)</u>	<u>(452)</u>				<u>(1,542)</u>	<u>(717)</u>	<u>(452)</u>
Profit for the year	<u>6,173</u>	<u>2,646</u>	<u>1,272</u>				<u>6,173</u>	<u>2,646</u>	<u>1,272</u>

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Information about geographical areas

In presenting information on the basis of information about geographical areas, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The Group comprises the following main information about geographical areas:

- Area 1 : Thailand
- Area 2 : Asia (excluding Thailand)
- Area 3 : Europe
- Area 4 : The Americas
- Area 5 : Others

Details of the geographic segment financial information of the geographical area of the Group as at 31 December and for the years then ended were as follows:

	<i>(Unit: Million Baht)</i>					
	Revenue from external customers			Non-current assets (exclude deferred tax assets)		
	2022	2021	2020	2022	2021	2020
Thailand	106,376	84,719	72,771	4,360	3,957	4,628
Asia (excluding Thailand)	16,013	13,257	15,134	10	26	20
Europe	38,774	31,560	26,893	1,574	1,693	1,795
The Americas	8,578	7,200	6,211	43	42	42
Others	1,089	1,018	825	-	-	-
Total	<u>170,830</u>	<u>137,754</u>	<u>121,834</u>	<u>5,987</u>	<u>5,718</u>	<u>6,485</u>

In 2022, revenue from external customers of Europe mainly from United Kingdom accounted for Baht 26,699 million (2021 and 2020: Baht 22,592 million and Baht 18,174 million, respectively), and non-current assets (exclude deferred tax assets) of Europe mainly from United Kingdom accounted for Baht 1,147 million (2021 and 2020: Baht 1,338 million and Baht 1,346 million, respectively).

Information about major customers

Revenues from one customer of the Group's segment 1 and 2 represents approximately Baht 17,780 million (2021 and 2020: Baht 14,254 million and Baht 13,336 million, respectively) of the Group's total revenue.

Disaggregation of revenue

Details of revenue disaggregated by categories of main products for the year ended 31 December were as follows:

<i>Categories of main products</i>	<i>(Unit: Million Baht)</i>		
	2022	2021	2020
Fresh meat	98,694	77,074	67,267
Processed foods	57,667	48,836	45,446
Restaurant operations	6,744	5,699	4,926
Pet snack	2,099	1,608	1,385
Other products	5,626	4,537	2,810
Total	<u>170,830</u>	<u>137,754</u>	<u>121,834</u>

Timing of revenue recognition of the Group is only at a point in time.

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15 Other income

	<i>(Unit: Million Baht)</i>		
	2022	2021	2020
Transportation income	600	489	361
Others	417	602	449
Total	1,017	1,091	810

16 Management and employee benefit expenses

Management and employee benefit expenses consisted of:

- (a) Management benefit expenses consisted of salaries and other benefit expenses of management, directors' remuneration totaling Baht 248 million for the year ended 31 December 2022 (2021 and 2020: Baht 286 million and Baht 228 million, respectively).
- (b) Employee benefit expenses consisted of salaries, wages and other benefit expenses of employees other than management totaling Baht 3,735 million for the year ended 31 December 2022 (2021 and 2020: Baht 4,143 million and Baht 3,952 million, respectively).

17 Expenses by nature

	<i>(Unit: Million Baht)</i>		
	2022	2021	2020
Cost of product	148,482	120,775	108,190
Transportation expenses	6,174	4,903	3,327
Management and employee benefit expenses	3,983	4,429	4,180
Factory and office expenses	1,737	1,736	1,627
Advertising, public relationship and sale promotion expenses	1,709	1,448	1,057
Depreciation and amortisation	966	1,048	1,032
Vehicle and travelling expenses	196	146	153
Lease expenses	172	152	152
Taxes, government and bank fees	132	150	128
Professional fees	88	100	72
Insurance fees	61	58	51
Others	309	323	378
Total cost of sale of goods, distribution costs and administrative expenses	164,009	135,268	120,347

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18 Income tax

Income tax recognised in profit or loss

	<i>(Unit: Million Baht)</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Current tax</i>			
Current year	1,684	690	508
Under (over) provided in prior years	(4)	(7)	5
	<u>1,680</u>	<u>683</u>	<u>513</u>
<i>Deferred tax expense</i>			
Movements in temporary differences	(145)	27	(60)
Movements in tax losses	7	7	(1)
	<u>(138)</u>	<u>34</u>	<u>(61)</u>
Tax expense	<u><u>1,542</u></u>	<u><u>717</u></u>	<u><u>452</u></u>

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Income tax recognised in other comprehensive income

(Unit: Million Baht)

	2022			2021			2020		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax	Before tax	Tax income	Net of tax
Cash flow hedges reserve	75	(15)	60	253	(47)	206	(173)	33	(140)
Defined benefit plan actuarial gain (losses)	58	(12)	46	176	(35)	141	(30)	6	(24)
Investment in equity securities	218	(44)	174	(52)	-	(52)	(35)	-	(35)
Currency translation differences	(238)	-	(238)	446	-	446	164	-	164
Total	113	(71)	42	823	(82)	741	(74)	39	(35)

Reconciliation of effective tax rate

(Unit: Million Baht)

Applicable tax rates	19%	20%	Others	Total
2022				
Net profit before income tax	883	6,762	70	7,715
Tax at the applicable tax rates	168	1,352	11	1,531
Tax effect of income and expense that are not taxable income or not deductible for tax purpose:				
- Tax effect of income that is not subject to tax	(59)	-	(2)	(61)
- Tax effect of expenses that are not deductible for tax purpose	45	56	3	104
- Tax incentives	-	(19)	-	(19)
- Others	12	(15)	(1)	(4)
Tax effect on recognition of previously unrecognised tax losses	-	(5)	-	(5)
Income tax expense (over) / under provided in prior years	(8)	-	4	(4)
Net	158	1,369	15	1,542

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Reconciliation of effective tax rate (continued)

Applicable tax rates	<i>(Unit: Million Baht)</i>			
	19%	20%	Others	Total
2021				
Net profit before income tax	1,187	1,728	448	3,363
Tax at the applicable tax rates	226	346	182	754
Tax effect of income and expense that are not taxable income or not deductible for tax purpose:				
- Tax effect of income that are not subject to tax	(76)	-	(1)	(77)
- Tax effect of expenses that are not deductible for tax purpose	1	13	-	14
- Tax incentives	-	(13)	-	(13)
- Others	14	33	(1)	46
Income tax expense over provided in prior years	(3)	(4)	-	(7)
Net	162	375	180	717

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Reconciliation of effective tax rate (continued)

	<i>(Unit: Million Baht)</i>			
Applicable tax rates	<u>19%</u>	<u>20%</u>	<u>Others</u>	<u>Total</u>
2020				
Net profit (loss) before income tax	<u>354</u>	<u>1,535</u>	<u>(165)</u>	<u>1,724</u>
Tax at the applicable tax rates	68	307	(91)	284
Tax effect of income and expense that are not taxable income or not deductible for tax purpose:				
- Tax effect of income that are not subject to tax	(48)	-	(2)	(50)
- Tax effect of expenses that are not deductible for tax purpose	1	83	-	84
- Tax incentives	-	(17)	-	(17)
- Others	3	2	-	5
Tax effect on current year losses for which no deferred tax assets recognised	2	-	139	141
Income tax expense under provided in prior years	-	1	4	5
Net	<u>26</u>	<u>376</u>	<u>50</u>	<u>452</u>

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Deferred income tax

Deferred tax assets and liabilities as at 31 December were as follows:

	<i>(Unit: Million Baht)</i>		
	2022	2021	2020
Deferred tax assets	200	169	287
Deferred tax liabilities	(209)	(253)	(248)
Net deferred tax assets (liabilities)	(9)	(84)	39

Movements of deferred tax assets and liabilities during the year 2022 were as follows:

	<i>(Unit: Million Baht)</i>				
	As at 1 January 2022	Charged/ (Credited) to		Currency translation differences	As at 31 December 2022
		Profit or loss	Other comprehensive income		
<i>Deferred tax assets (liabilities)</i>					
Accounts receivable	12	(1)	-	-	11
Inventories	(1)	137	-	-	136
Investment in equity securities	-	-	(44)	-	(44)
Property, plant and equipment	11	(7)	-	1	5
Right-of-use assets	(197)	32	-	1	(164)
Other intangible assets	(206)	18	-	7	(181)
Derivatives	(3)	-	(15)	-	(18)
Lease liabilities	206	(32)	-	(1)	173
Provision for employee benefits	57	27	(12)	-	72
Tax losses	60	(60)	-	-	-
Others	(23)	24	-	-	1
Total	(84)	138	(71)	8	(9)

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Movements of deferred tax assets and liabilities during the year 2021 were as follows:

(Unit: Million Baht)

	As at 1 January 2021	Charged/ (Credited) to		Currency translation differences	As at 31 December 2021
		Profit or loss	Other comprehensive income		
<i>Deferred tax assets (liabilities)</i>					
Accounts receivable	15	(3)	-	-	12
Inventories	27	(28)	-	-	(1)
Property, plant and equipment	20	(9)	-	-	11
Right-of-use assets	(339)	143	-	(1)	(197)
Other intangible assets	(218)	24	-	(12)	(206)
Derivatives	41	-	(47)	3	(3)
Lease liabilities	350	(146)	-	2	206
Provision for employee benefits	111	(19)	(35)	-	57
Tax losses	48	10	-	2	60
Others	(16)	(6)	-	(1)	(23)
Total	39	(34)	(82)	(7)	(84)

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Movements of deferred tax assets and liabilities during the year 2020 were as follows:

(Unit: Million Baht)

	As at 1 January 2020	Charged/ (Credited) to		Currency translation differences	As at 31 December 2020
		Profit or loss	Other comprehensive income		
<i>Deferred tax assets (liabilities)</i>					
Accounts receivable	54	(39)	-	-	15
Inventories	12	15	-	-	27
Property, plant and equipment	21	(1)	-	-	20
Right-of-use assets	(216)	(134)	-	11	(339)
Other intangible assets	(235)	24	-	(7)	(218)
Derivatives	9	10	33	(11)	41
Lease liabilities	225	137	-	(12)	350
Provision for employee benefits	92	13	6	-	111
Tax losses	8	38	-	2	48
Others	(26)	(2)	-	12	(16)
Total	(56)	61	39	(5)	39

As at 31 December 2022, the Group had temporary differences arising from unutilised tax losses which have not been recognised as deferred tax assets in the statement of financial position totaling Baht 573 million (2021 and 2020: Baht 972 million and Baht 974 million, respectively) because it is not probable that tax benefit will be utilised in the foreseeable future.

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19 Dividends

Details of dividends for the years ended 31 December were as follows:

Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (in million shares)	Total (in million Baht)	Source
2022				
8 June 2022	6.25	80	500	Taxable profits which were subject to 20% corporate income tax
24 August 2022	25.00	80	2,000	Taxable profits which were subject to 20% corporate income tax
23 November 2022	15.00	80	1,200	Taxable profits which were subject to 20% corporate income tax
Total			3,700	
2021				
16 August 2021	2.50	80	200	Taxable profits which were subject to 20% corporate income tax
Total			200	
2020				
10 September 2020	6.00	80	480	Taxable profits which were subject to 20% corporate income tax
Total			480	

20 Financial instruments

(a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy but it does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

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	Carrying amount				Fair value			
	Hedging instruments	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
As at 31 December 2022								
Financial assets								
Investment in equity securities								
- non-marketable equity securities	-	921	-	921	-	-	921	921
Long-term loans to related parties	-	-	285	285	-	-	277	277
Derivative assets	291	-	-	291	-	291	-	291
Financial liabilities								
Long-term borrowings from financial institutions	-	-	632	632	-	612	-	612
Derivatives liabilities	62	-	-	62	-	62	-	62

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	Carrying amount				Fair value			
	Hedging instruments	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
As at 31 December 2021								
Financial assets								
Investment in equity securities								
- non-marketable equity securities	-	494	-	494	-	-	494	494
Long-term loans to related parties	-	-	247	247	-	-	253	253
Derivative assets	35	-	-	35	-	35	-	35
Financial liabilities								
Long-term borrowings from financial institutions	-	-	799	799	-	786	-	786
Derivatives liabilities	27	-	-	27	-	27	-	27
As at 31 December 2020								
Financial assets								
Investment in equity securities								
- non-marketable equity securities	-	73	-	73	-	-	73	73
Long-term loans to related parties	-	-	242	242	-	-	247	247
Derivative assets	132	-	-	132	-	132	-	132
Financial liabilities								
Long-term borrowings from financial institutions	-	-	893	893	-	909	-	909
Long-term borrowings from related parties	-	-	258	258	-	-	281	281
Derivatives liabilities	268	-	-	268	-	268	-	268

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The following tables present valuation techniques for financial instruments measured at fair value in the statements of financial position:

Financial instruments measured at Level 2 fair values

<u>Type</u>	<u>Valuation technique</u>
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
Derivatives	Derived by a model using a valuation technique that incorporating observable market data which is adjusted with counterparty credit risk (excluding own credit risk) and other risks to reflect true economic value.

Financial instruments measured at Level 3 fair values

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Non-marketable equity securities	Discounted cash flows	Discount rate (2022: 12%, 2021: 11%, 2020: 10%).	The estimate fair value would increase (decrease) if the discount rate were lower (higher).

Financial instruments not measured at fair value

<u>Type</u>	<u>Valuation technique</u>
Loans/ borrowings	Discounted cash flows

Reconciliation of Level 3 fair values

	<i>(Unit: Million Baht)</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Investments in non-marketable equity securities</i>			
As at 1 January	494	73	91
Purchase/addition investment	209	494	-
Disposals	-	(36)	-
Change in fair value	218	(52)	(35)
Currency translation differences	-	15	17
As at 31 December	<u>921</u>	<u>494</u>	<u>73</u>

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(b) Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group 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 Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

(b.1) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

(b.1.1) Accounts receivable - trade and others

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, 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 requiring credit facilities and also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in note 14.

Information about the exposure to credit risk and ECLs for accounts receivables trade and others as at 31 December were as follows:

	2022	2021	2020
	<i>(Unit: Million Baht)</i>		
Within credit terms	15,812	12,846	11,440
Overdue 1 - 60 days	1,699	1,730	968
Overdue 60 - 120 days	286	199	230
More than 120 days	214	363	298
Total	18,011	15,138	12,936
Less allowance for expected credit loss	(163)	(136)	(165)
Net	17,848	15,002	12,771
Allowance for expected credit loss			
At 1 January	136	165	342
Addition (reversal)	89	(3)	115
Write-off	(62)	(26)	(292)
As at 31 December	163	136	165

The normal credit term granted by the Group ranges from 7 days to 150 days.

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(b.2) Liquidity risk

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

The following table shows the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

	<i>(Unit: Million Baht)</i>				
	Contractual cash flows				
	Carrying amount	Within 1 year	After 1 year but within 5 years	After 5 years	Total
2022					
<i>Non-derivative financial liability</i>					
Bank overdrafts and short-term borrowings	15,555	16,193	-	-	16,193
Long-term borrowings	632	180	526	-	706
Lease liabilities	848	343	476	107	926
Total	17,035	16,716	1,002	107	17,825
<i>Derivative financial liability</i>					
Forward exchange contracts	62				
- Cash outflow		5,017	-	-	5,017
- Cash inflow		(5,172)	-	-	(5,172)
	62	(155)	-	-	(155)
2021					
<i>Non-derivative financial liabilities</i>					
Bank overdrafts and short-term borrowings	5,242	5,336	-	-	5,336
Long-term borrowings	799	185	671	-	856
Lease liabilities	1,013	415	568	176	1,159
Total	7,054	5,936	1,239	176	7,351
<i>Derivative financial liability</i>					
Forward exchange contracts	27				
- Cash outflow		9,086	-	-	9,086
- Cash inflow		(9,155)	-	-	(9,155)
	27	(69)	-	-	(69)

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(Unit: Million Baht)

	Carrying amount	Contractual cash flows			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
2020					
Non-derivative financial liabilities					
Bank overdrafts and short-term borrowings	7,171	7,314	-	-	7,314
Long-term borrowings	1,151	204	999	71	1,274
Lease liabilities	1,754	473	1,308	120	1,901
Total	10,076	7,991	2,307	191	10,489
Derivative financial liability					
Forward exchange contracts	268				
- Cash outflow		7,520	-	-	7,520
- Cash inflow		(7,749)	-	-	(7,749)
	268	(229)	-	-	(229)

Effective interest rate of borrowing from financial institutions and lease liabilities were as follows:

	2022	2021	(Unit: %) 2020
Borrowings	4.12	1.88	2.20
Lease liabilities	3.59	3.45	2.99

(b.3) Market risk

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

(b.3.1) Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Group primarily enters into forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies including anticipated future purchases and sales of goods denominated in foreign currencies. The forward exchange contracts have maturities of less than 1 year.

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As at 31 December 2022, 2021 and 2020, the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

(Unit: Million Baht)

	Won	Yen	United States Dollar	Euro	Singapore Dollar	Pound Sterling	Zloty
<i>As at 31 December 2022</i>							
Cash and cash equivalents	-	-	1,665	318	-	6	-
Accounts receivable - trade and others	-	319	793	552	-	22	-
Overdraft	-	-	(1)	-	-	-	(102)
Accounts payable - trade and others	-	-	(322)	(166)	-	(16)	(47)
Short-term borrowings from financial institutions	-	-	(355)	(38)	-	-	-
Forecast purchases	-	-	(103)	(78)	-	-	-
Forecast sales	40	369	4,103	328	345	304	-
Net forecast transaction exposure	40	688	5,780	916	345	316	(149)
Forward exchange purchase contracts	-	13	108	166	-	-	-
Forward exchange selling contracts	(40)	(688)	(4,735)	(328)	(345)	(304)	-
Net exposure	-	13	1,153	754	-	12	(149)

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(Unit: Million Baht)

	Won	Yen	United States Dollar	Euro	Singapore Dollar	Pound Sterling	Zloty
<i>As at 31 December 2021</i>							
Cash and cash equivalents	-	-	1,343	67	62	8	30
Accounts receivable - trade and others	-	297	746	381	-	-	-
Overdraft	-	-	-	(65)	-	-	-
Accounts payable - trade and others	-	(1)	(359)	(177)	-	-	(19)
Short-term borrowings from financial institutions	-	-	(282)	(27)	-	-	-
Forecast purchases	-	-	(4,779)	(354)	-	-	(1,190)
Forecast sales	70	559	7,038	902	473	392	-
Net forecast transaction exposure	70	855	3,707	727	535	400	(1,179)
Forward exchange purchase contracts	-	-	4,800	429	-	-	1,190
Forward exchange selling contracts	(70)	(856)	(7,609)	(905)	(473)	(392)	-
Net exposure	-	(1)	898	251	62	8	11

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(Unit: Million Baht)

	Won	Yen	United States Dollar	Euro	Singapore Dollar	Pound Sterling	Zloty
<i>As at 31 December 2020</i>							
Cash and cash equivalents	-	-	1,616	8	-	88	174
Accounts receivable - trade and others	137	532	664	168	73	-	-
Overdraft	-	-	(23)	(110)	-	-	-
Accounts payable - trade and others	-	(1)	(232)	(87)	-	-	(5)
Short-term borrowings from financial institutions	-	-	(198)	(35)	-	-	-
Forecast purchases	-	-	(4,599)	(22)	-	-	(877)
Forecast sales	203	756	4,336	386	283	89	-
Net forecast transaction exposure	340	1,287	1,564	308	356	177	(708)
Forward exchange purchase contracts	-	-	4,604	22	-	-	877
Forward exchange selling contracts	(340)	(1,288)	(4,827)	(386)	(356)	(89)	-
Net exposure	-	(1)	1,341	(56)	-	88	169

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Sensitivity analysis

A reasonably possible strengthening (weakening) of the U.S. dollar against Thai Baht as at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Movement (%)	Profit or loss		Equity, net of tax	
		Strengthening	Weakening	Strengthening	Weakening
<i>(Unit: Million Baht)</i>					
2022					
U.S. Dollar	1	5	(5)	(53)	53
2021					
U.S. Dollar	1	5	(5)	(69)	69
2020					
U.S. Dollar	1	3	(3)	48	(48)

(b.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group manages the interest rate risk of financial assets and financial liabilities by considering loan to or borrowing from including fixed and floating rate depend on the market situation. However, the interest rates of interest-bearing liabilities of the Group are mainly fixed rate.

Interest rate risk for financial assets and financial liabilities of the Group as at 31 December were as follows:

	<i>(Unit: Million Baht)</i>		
	2022	2021	2020
<i>Financial instruments with fixed interest rates</i>			
Loans	-	49	70
Borrowings	(11,321)	(2,711)	(3,410)
Lease liabilities	(808)	(978)	(1,743)
Net statement of financial position exposure	(12,129)	(3,640)	(5,083)
<i>Financial instruments with variable interest rates</i>			
Loans	327	257	312
Borrowings	(4,866)	(3,330)	(4,912)
Lease liabilities	(40)	(35)	(11)
Net statement of financial position exposure	(4,579)	(3,108)	(4,611)

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Cash flow sensitivity analysis for variable-rate financial instruments

A reasonable possible change of 1% in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	<i>(Unit: Million Baht)</i>			
	Profit or loss		Equity, net of tax	
	1% increase in interest rate	1% decrease in interest rate	1% increase in interest rate	1% decrease in interest rate
2022				
Financial instruments with variable interest rate	(46)	46	-	-
Cash flow sensitivity (net)	(46)	46	-	-
2021				
Financial instruments with variable interest rate	(31)	31	-	-
Cash flow sensitivity (net)	(31)	31	-	-
2020				
Financial instruments with variable interest rate	(46)	46	-	-
Cash flow sensitivity (net)	(46)	46	-	-

(b.4) Cash flow hedges

As at 31 December, the Group held the following financial instruments to hedge exposures to changes in foreign currency.

Foreign currency risk as at 31 December	Maturity		
	Within 6 months	More than 6 months but within 1 year	More than 1 year
2022			
<i>Forward exchange contracts</i>			
Net exposure <i>(Million Baht)</i>	13,571	69	-
Average forward exchange contracts rate of:			
- USD:THB	35.57	-	-
- EUR:THB	36.73	-	-
- KRW:USD	1,364.04	-	-
- SGD:THB	25.58	-	-
- GBP:THB	42.13	-	-
- JPY:THB	0.26	-	-
- THB:GBP	0.02	-	-
- USD:GBP	1.19	1.17	-
- PLN:GBP	5.59	-	-

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(b.4) Cash flow hedges (continued)

<i>Foreign currency risk as at 31 December</i>	Maturity		
	Within 6 months	More than 6 months but within 1 year	More than 1 year
<i>2021</i>			
<i>Forward exchange contracts</i>			
Net exposure (<i>Million Baht</i>)	15,297	753	-
Average forward exchange contracts rate of:			
- USD:THB	33.28	-	-
- EUR:THB	38.31	-	-
- KRW:USD	1,175.05	-	-
- EUR:USD	1.20	-	-
- SGD:THB	24.40	-	-
- GBP:THB	44.83	-	-
- JPY:THB	0.30	-	-
- THB:GBP	0.03	-	-
- USD:GBP	1.29	1.33	-
- PLN:GBP	4.99	4.96	-
<i>Foreign currency risk as at 31 December</i>	Maturity		
	Within 6 months	More than 6 months but within 1 year	More than 1 year
<i>2020</i>			
<i>Forward exchange contracts</i>			
Net exposure (<i>Million Baht</i>)	12,367	544	-
Average forward exchange contracts rate of:			
- USD:THB	30.80	-	-
- EUR:THB	36.47	-	-
- KRW:USD	1,173.96	-	-
- EUR:USD	1.18	-	-
- SGD:THB	22.64	-	-
- GBP:THB	40.48	-	-
- JPY:THB	0.29	-	-
- THB:GBP	0.03	-	-
- USD:GBP	1.29	1.33	-
- PLN:GBP	4.99	4.96	-

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The amounts at reporting date relating to items designated as hedging instruments were as follows:

<i>Foreign currency risk as at 31 December</i>	Change in value used for calculating hedge ineffectiveness	Cash flow hedges reserve	<i>(Unit: Million Baht)</i> Balance remaining in the cash flow hedges reserve from hedging relationships for which hedge accounting is no longer applied
2022			
Sales and trade accounts receivable	-	115	-
Purchase and trade accounts payable	-	(28)	-
2021			
Sales and trade accounts receivable	-	(14)	-
Purchase and trade accounts payable	-	41	-
2020			
Sales and trade accounts receivable	-	32	-
Purchase and trade accounts payable	-	(211)	-

The amounts relating to items designated as hedging instruments were as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>(Unit: Million Baht)</i>			
Foreign currency risk as at 31 December			
Forward exchange contracts - nominal amount	13,640	16,050	12,911
Carrying amount included in:			
- derivatives assets	291	35	132
- derivatives liabilities	62	27	268
Foreign currency risk for the year ended 31 December			
<i>Recognised in other comprehensive income</i>			
- changes in value of the hedging instrument	80	161	(168)
- hedging reserve transferred to profit or loss	(20)	45	28
<i>Recognised in profit or loss</i>			
- reclassified from hedging reserve and included in foreign exchange loss	20	(45)	(28)

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The following table provides a reconciliation of other components of equity and analysis of other comprehensive income items resulting from cash flow hedge accounting.

	<i>(Unit: Million Baht)</i>		
	2022	2021	2020
Balance as at 1 January	27	(179)	(39)
Changes in fair value:			
- Accounts receivable - trade and others	(15)	280	58
- Accounts payable - trade and others	95	(119)	(226)
Amount reclassified to profit or loss:			
- Accounts receivable - trade and others	143	(318)	(45)
- Accounts payable - trade and others	(163)	363	73
Balance as at 31 December	87	27	(179)

21 Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Group's shareholders and benefits to other stakeholders. The management sets strategies to support the Group's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

22 Commitments with non-related parties

As at 31 December, the Group had commitments with non-related parties as follows:

22.1 Capital commitments

	<i>(Unit: Million Baht)</i>		
	2022	2021	2020
<i>Contracted but not provided for</i>			
Land, buildings and constructions	-	24	-
Machinery, equipment and others	64	7	23
Total	64	31	23

22.2 Letters of credit

The Group had commitments under the issued letters of credit totaling Baht 47 million (2021 and 2020: Baht 133 million and Baht 36 million, respectively).

22.3 Letters of guarantee

The Group had commitments with financial institutions for letters of guarantee issued by the financial institutions in favour of government agencies and others totaling Baht 36 million as at 31 December 2022 (2021 and 2020: Baht 43 million and Baht 46 million, respectively). The letters of guarantee are principally covering the guarantee of taxes, duties and sale of goods.

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23 Events after the reporting period

On 1 February 2023, CPF Food Network Co., Ltd. (“CPFNW”), a new incorporated subsidiary of the Company signed Sale and Purchase Agreements to receive the transfer of the carve-out export trading businesses except Australia from CPM with consideration transferred amounting to Baht 419 million and net assets received amounting to Baht 345 million. The transfer of the carve-out export trading businesses to CPFNW was completed on 1 February 2023.

On 27 February 2023, the Company’s Board of Directors approve to set up a new subsidiary incorporated in Australia, CPF Australia Pty. Ltd, to receive the transfer of the export trading business in Australia from CPM which is expected to be completed in the second quarter of 2023.