

Miss Grand International Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2023

1. General information

1.1 Corporate information

Miss Grand International Company Limited (“the Company”) is a limited company under Thai laws and registered the transformation to a public company under the Public Limited Companies Act on 15 June 2022 and domiciled in Thailand. The Company is principally engaged in the wholesale and retail for beauty product, cosmetics product, skincare product, food dietary supplement, and food products under Company’s branding name. Moreover, the Company is beauty pageant organiser for the stage “Miss Grand Thailand” and “Miss Grand International” and also artist management agency. The registered office of the Company is at 1213/414 Lat Phrao 94 (Panjarnit), Lat Phrao Rd., Phlapphla, Wang Thong Lang, Bangkok. There are two branches located at Bangkok.

On 8 June 2022, the Extraordinary General Meeting of shareholders of the Company passed a resolution to change the Company’s name to conform with the transformation to a public company. The change was from “Miss Grand International Company Limited” to “Miss Grand International Public Company Limited”. The Company registered the change of the Company’s name with the Ministry of Commerce on 15 June 2022.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2022 except the accounting policy for investment in joint venture which the Company applied for the financial statements in current period as follows:

Investment in joint venture

- a) Investment in joint venture is accounted for the financial statements in which the equity method is applied using the equity method.
- b) Investment in joint venture is accounted for in the separate financial statements using the cost method.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, do not have any significant impact on the Company's financial statements.

1.4 New financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

2. Related party transactions

During the period, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		Transfer Pricing Policy
	2023	2022	2023	2022	
<u>Transactions with management and directors</u>					
Rental expense	0.1	0.1	0.3	0.3	Contract price
<u>Transactions with joint venture</u>					
Purchase of goods	0.5	-	0.5	-	Agreed prices

(Unaudited but reviewed)

The outstanding balances of the accounts as at 30 September 2023 and 31 December 2022 between the Company and related person/party are as follows:

	(Unit: Thousand Baht)	
	30 September 2023	31 December 2022
		(Audited)
<u>Deposit - related person</u>		
Management and directors	109	109
<u>Trade payables - joint venture (Note 8)</u>		
Joint venture	487	-

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2023 and 2022, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	2,411	2,220	7,231	6,660
Post-employment benefits	177	166	524	497
Total	<u>2,588</u>	<u>2,386</u>	<u>7,755</u>	<u>7,157</u>

3. Cash and cash equivalents

	(Unit: Thousand Baht)	
	30 September 2023	31 December 2022
		(Audited)
Cash	60	70
Bank deposits	192,865	110,969
Total	<u>192,925</u>	<u>111,039</u>

As at 30 September 2023, bank deposits in savings carried interests 0.40 - 1.25 percent per annum (31 December 2022: 0.20 - 0.30 percent per annum).

(Unaudited but reviewed)

4. Trade and other receivables

	(Unit: Thousand Baht)	
	30 September 2023	31 December 2022
		(Audited)
<u>Trade accounts receivable - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	4,838	17,361
Past due		
Up to 3 months	3,905	3,412
3 - 6 months	47	872
6 - 12 months	749	-
Total trade receivables - unrelated parties	9,539	21,645
Less: Allowance for expected credit losses	(76)	(205)
Total trade accounts receivable - unrelated parties - net	9,463	21,440
<u>Other receivables</u>		
Post date cheques	-	557
Other receivables	-	6
Advance payments	368	542
Accrued interest	138	2
Accrued income	3,167	3,248
Total other receivables	3,673	4,355
Total trade and other receivables - net	13,136	25,795

(Unaudited but reviewed)

5. Investment in joint venture

5.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment are as follows:

(Unit: Thousand Baht)

Joint venture	Nature of business	Paid-up capital	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
			30 September 2023	31 December 2022	Carrying amount based on equity method		Carrying amount based on cost method	
			(Percent)	(Percent)	30 September 2023	31 December 2022	30 September 2023	31 December 2022
KMGI Company Limited	Production and distribution of cosmetic and consumer products	10,000	50	-	4,789	-	5,000	-
Total investment in joint venture					4,780	6,000	-	-

On 8 February 2023, the Company entered into a joint investment agreement to establish KMGI Company Limited, which is engaged the production and distribution of cosmetic and consumer products both domestically and overseas. This company has a registered capital of Baht 1 million, comprising 0.1 million ordinary shares of Baht 10 each, which have been fully paid.

On 22 June 2023, KMGI Company Limited completed issuance of additional ordinary shares of Baht 10 million in accordance with the agreement. The registered capital subsequent to this issuance totals to Baht 10 million, comprising 1 million ordinary shares of Baht 10 each, which have been fully paid. The Company had a 50 percent interest in this company.

5.2 Share of comprehensive income

During the periods, the Company recognised its share of loss from investment in joint venture in financial statements in which the equity method is applied as follows:

(Unit: Thousand Baht)

Joint venture	Financial statements in which the equity method is applied			
	Share of loss from investment in joint venture			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
KMGI Company Limited	100	-	211	-

(Unaudited but reviewed)

6. Building improvement and equipment

Movements of building improvement and equipment for the nine-month period ended 30 September 2023 are summaries below:

	(Unit: Thousand Baht)
Net book value as at 1 January 2023	6,690
Acquisition during the period - at cost	6,069
Depreciation for the period	<u>(1,802)</u>
Net book value as at 30 September 2023	<u>10,957</u>

7. Intangible assets

Movements of intangible assets for the nine-month period ended 30 September 2023 are summaries below:

	(Unit: Thousand Baht)
Net book value as at 1 January 2023	3,626
Acquisition during the period - at cost	13,531
Amortisation for the period	<u>(11,544)</u>
Net book value as at 30 September 2023	<u>5,613</u>

8. Trade and other payables

	(Unit: Thousand Baht)	
	30 September 2023	31 December 2022
		(Audited)
Trade payables - related parties	487	-
Trade payables - unrelated parties	17,379	3,214
Other payables - unrelated parties	4,517	1,683
Accrued beauty pageant organise expenses	5,878	5,294
Accrued expenses	<u>10,848</u>	<u>20,523</u>
Total trade and other payables	<u>39,109</u>	<u>30,714</u>

9. Share capital

On 11 March 2022, the Annual General Meeting of the shareholders of the Company passed a resolution to increase the registered capital of the Company of Baht 25 million (250,000 ordinary shares of Baht 100 each), from Baht 50 million (500,000 ordinary shares of Baht 100 each), to be new capital of the Company of Baht 75 million (750,000 ordinary shares of Baht 100 each). The Company registered the increase in its share capital with the Ministry of Commerce on 23 March 2022 which is called and already received the payment in full amount.

On 8 June 2022, the Extraordinary General Meeting of shareholders of the Company passed a resolution on the following matters.

1. The change in the par value of ordinary share of the Company from Baht 100 per share to Baht 0.50 per share. As a result, the Company's registered ordinary share increased from former registered ordinary share of 750,000 shares to new registered ordinary share of 150,000,000 shares.
2. The increase in the registered share capital from Baht 75 million to Baht 105 million by issuing the new ordinary share of 60 million shares at Baht 0.50 per share.
3. The allocation of the additional ordinary shares of 60 million shares to the Initial Public Offering.

The Company registered the change in the par value of ordinary share and number of shares in subject 1 and 2 with as above with the Ministry of Commerce on 15 June 2022.

On 13 July 2023, the Extraordinary General Meeting of Shareholder No.1/2023 of the Company passed a resolution to allocate 60 million additional ordinary shares with a par value of Baht 0.50 per share for the Initial Public Offering (IPO). The details are as follows:

- a) A maximum of 9 million shares are offered to the Company's benefactors.
- b) In combination with the shares mentioned in item a), a maximum of 15 million shares are offered to directors, executives, employees and persons associated with the Company.
- c) A minimum of 45 million shares are offered to the general public or persons at the discretion of the underwriter.

The meeting passed a resolution for the Board of Directors to adjust the number of shares allocated, as appropriate, to each group of investors, including the criteria, terms, and other relevant conditions.

(Unaudited but reviewed)

10. Income tax

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

Income tax expenses for the three-month and nine-month periods ended 30 September 2023 and 2022 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current income tax:				
Current income tax charge	6,579	2,530	21,695	9,144
Deferred tax:				
Relating to origination and reversal of temporary differences	(119)	317	(2,039)	14
Income tax expenses reported in the profit or loss	<u>6,460</u>	<u>2,847</u>	<u>19,656</u>	<u>9,158</u>
Deferred tax relating to actuarial gain	-	-	36	47
Deferred tax expense reported in the other comprehensive income	<u>-</u>	<u>-</u>	<u>36</u>	<u>47</u>

11. Earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

The Company adjusted the number of ordinary shares in proportion to the change in the number of shares as a result of the change in the value of ordinary share from the par value of Baht 100 to Baht 0.50 per share, as described in Note 9. The number of ordinary shares of the prior period has been adjusted as if the value and the number of ordinary share had been changed at the beginning of the earliest period reported.

(Unaudited but reviewed)

11.1 Weighted average number of ordinary shares

	(Unit: Thousand shares)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Brought forward	150,000	150,000	150,000	100,000
Add: Weighted average number of ordinary shares issue during the period	-	-	-	36,081
Weighted average number of ordinary shares	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>136,081</u>

12. Segment information

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

The following table presents the financial information for the three-month and nine-month periods ended 30 September 2023 and 2022 of the Company by segment.

	(Unit: Thousand Baht)											
	For the three-month periods ended 30 September											
	Consumption products		Consumer products		Entertainment business		Beauty pageant organise		Others		Total	
<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	
Revenues												
Revenues from external customers	44,198	16,765	15,575	5,393	69,657	50,983	-	-	6,135	40	135,565	73,181
Total revenues	<u>44,198</u>	<u>16,765</u>	<u>15,575</u>	<u>5,393</u>	<u>69,657</u>	<u>50,983</u>	<u>-</u>	<u>-</u>	<u>6,135</u>	<u>40</u>	<u>135,565</u>	<u>73,181</u>
Operating result												
Segment gross profit	25,272	6,983	7,198	2,707	36,385	22,141	-	-	(4,876)	4	63,979	31,835
Other income											1,288	1,657
Selling and distribution expenses											(17,349)	(8,583)
Administrative expenses											(16,500)	(10,376)
Share of loss from investment												
in joint venture											(100)	-
Financial income											177	100
Financial cost											(3)	(9)
Profit before Income tax expenses											<u>31,492</u>	<u>14,624</u>
Income tax expenses											(6,460)	(2,847)
Profit for the period											<u>25,032</u>	<u>11,777</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September											
	Consumption		Consumer		Entertainment		Beauty pageant		Others		Total	
	products		products		business		organise					
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues												
Revenues from external												
customers	88,205	64,721	88,258	20,269	182,057	81,654	54,630	51,478	15,778	557	428,928	218,679
Total revenues	88,205	64,721	88,258	20,269	182,057	81,654	54,630	51,478	15,778	557	428,928	218,679
Operating result												
Segment gross profit	46,893	23,926	44,112	9,749	80,524	38,695	20,377	17,085	(7,736)	(222)	184,170	89,233
Other income											3,128	3,088
Selling and distribution expenses											(44,523)	(17,989)
Administrative expenses											(46,158)	(28,808)
Share of loss from investment												
in joint venture											(211)	-
Financial income											397	252
Financial cost											(16)	(32)
Profit before income tax expenses											96,787	45,744
Income tax expenses											(19,656)	(9,158)
Profit for the period											77,131	36,586

13. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>2023</u>			
Final dividend of 2022	Annual General Meeting of the shareholders' meeting on 29 March 2023	15	0.10
Total dividends for 2023		15	0.10
<u>2022</u>			
The interim dividends for 2022	Board of Director's meeting 8 August 2022	40	0.27
Total dividends for 2022		40	0.27

14. Commitments and contingent liabilities**14.1 Capital commitments**

As at 30 September 2023, the Company had capital commitments of Baht 105 million (31 December 2022: Nil), relating to the acquisition of land and structures thereon.

14.2 Lease and service commitments

The Company has entered into several leases of low-value assets and services agreements which are non-cancellable. The terms of the contracts are generally between 1 year and 5 years.

Future minimum lease payments under these non-cancellable contracts were as follows:

	(Unit: Million Baht)	
	30 September 2023	31 December 2022
Payable within:		
Within 1 year	11.3	7.0
Over 1 year and up to 5 years	0.1	0.5

15. Litigations

15.1 On 31 January 2023, a local company has filed a lawsuit against the Company in the Thai Civil court for a claim of damages for breach agreement. The total claim amount was Baht 43 million. At present, the case is under hearing of evidence of the Civil court, the management of the Company intends to defend the case vigorously. Based on the opinion of the Company's lawyer, the case is in an initial stage and the likelihood of its defense being successful is high and it is unlikely that the Company will suffer from significant damages related to the lawsuit at this time. The Company therefore did not set up any provision in its accounts.

15.2 On 20 April 2023, an individual has filed a lawsuit against the Company and the Company's director in the Thai Civil court for a claim of damages for wrongful acts and defamation. The total claim amount was Baht 50 million. At present, the case is under hearing of evidence of the Civil court. The management of the Company believes that the case defense being successful is high and it is unlikely that the Company will suffer from significant damages related to the lawsuit at this time. The Company therefore did not set up any provision in its accounts.

(Unaudited but reviewed)

15.3 On 1 May 2023, a local company has filed a lawsuit against the Company in the Thai Civil court for a claim of damages for wrongful acts. The total claim amount was Baht 307 million. At present, the case is under hearing of evidence of the Civil court. The management of the Company believes that the case defense being successful is high and it is unlikely that the Company will suffer from significant damages related to the lawsuit at this time. The Company therefore did not set up any provision in its accounts.

On 23 June 2023, one of the Company's directors provided a letter certifying responsibility for damages of three cases above on behalf of the Company.

16. Event after the reporting period

On 10 October 2023, the Company completed the payment of Baht 105 million to the seller for the remaining balance of land and structures thereon and received the assignment of ownership. The Company had to renovate the office building and anticipates commencing its use within the year 2024.

17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 November 2023.



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