

**SCG Packaging Public Company Limited
and its Subsidiaries**

Consolidated financial statements
and
Financial statements for the year ended
31 December 2022
and
Independent auditor's report

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To the Shareholders of SCG Packaging Public Company Limited

Opinion

I have audited the consolidated financial statements of SCG Packaging Public Company Limited and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement and statement of comprehensive income, changes in shareholders’ equity and cash flows for year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

The acquisitions of business	
Refer to Notes 3 (a) and 4 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>During 2022, the Group acquired Thai and overseas companies and engaged independent appraisers to determine the fair values of assets acquired and liabilities assumed from a business acquisition.</p> <p>The accounting for the business acquisition is material and complex which require management to make significant judgments in identifying and determining the fair values of assets acquired and liabilities assumed from the business acquisitions based on assumptions which are uncertain. Therefore, this is an area of focus in my audit.</p>	<p>My audit procedures included, among others:</p> <ul style="list-style-type: none"> • inquiry of management about the nature and objective for the business acquisitions, inspecting share transfer agreements and relevant minutes of meetings of management in order to understand significant terms and conditions, including the features relevant to the acquisition accounting; • assessing the reasonableness of the key assumptions used to determine the fair values of assets acquired and liabilities assumed from the business acquisitions with reference to the operating environment, my knowledge of the acquired businesses and industry, and other information obtained during the audit; • evaluating the appropriateness of identifying assets acquired and liabilities assumed from the business acquisitions by management, and the consideration transferred to the seller, examining the relevant purchase and disbursement documents, and testing the mathematical accuracy of calculation of goodwill; • consulting with KPMG valuation specialists when considering the appropriateness of the valuation methodology and approach; • evaluating the independence and professional competence of the independent appraisers engaged by the Group; and • considering the adequacy of the disclosures in accordance with the financial reporting standard.

The impairment testing of goodwill	
Refer to Notes 3 (k) and 12 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>Business risk arising from internal and external factors causes the management to pay more attention to impairment testing of goodwill arising from business acquisition, especially from the acquisition of overseas business. Besides this, according to the financial reporting standard, the Group performs an impairment testing on goodwill derived from business combination on an annual basis or whenever an indication of impairment exists. This requires management's judgments and estimates in determining the recoverable amount of cash generating unit, in particular the forecasting of future cash flows from business plan and its forecast growth rate and discount rate used for each cash generating unit. Therefore, this is an area of focus in my audit.</p>	<p>My audit procedures included, among others:</p> <ul style="list-style-type: none"> • obtaining understanding of the relevant business plan, the management's identification of cash generating unit, impairment testing procedures and the calculation of the recoverable amount; • evaluating the appropriateness of cash generating unit to which goodwill belongs identified by management, assessing the reasonableness of the key assumptions which supported discounted cash flows projection such as cash flow forecasts, long-term growth rates and discount rates by comparing with market situations and operating environment, industry knowledge and other information obtained during the audit, including evaluating the reasonableness of the forecasting of financial performances by comparing historical estimation to the actual operating results; • evaluating the appropriateness of the valuation methodology used by management and testing the mathematical accuracy of the recoverable amount and impairment calculations; and • considering the adequacy of the disclosures in accordance with the financial reporting standard.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and my auditor's report thereon.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Pornthip Rimdusit)
 Certified Public Accountant
 Registration No. 5565

KPMG Phoomchai Audit Ltd.
 Bangkok
 14 February 2023

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of financial position

As at 31 December 2022

Assets	Note	2022	2021
		<i>(in thousand Baht)</i>	
Current assets			
Cash and cash equivalents	6	9,965,933	7,310,312
Investments in short-term debt instruments	25	2,378,495	12,911,559
Trade and other current receivables	5, 7	23,254,060	24,910,096
Advance payment for assets		813,142	571,197
Inventories	8	23,280,799	23,307,925
Other current assets		462,004	175,141
Total current assets		60,154,433	69,186,230
Non-current assets			
Investments in associates	9	1,034,332	873,034
Other non-current receivables		741,413	740,976
Investment property		141,692	138,230
Property, plant and equipment	10, 11	94,585,205	97,181,239
Goodwill	12	28,233,239	29,482,758
Other intangible assets	12	10,573,939	7,750,002
Deferred tax assets	13	852,115	920,301
Others non-current assets		963,278	550,971
Total non-current assets		137,125,213	137,637,511
Total assets		197,279,646	206,823,741

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of financial position

As at 31 December 2022

Liabilities and shareholders' equity	Note	2022	2021
		<i>(in thousand Baht)</i>	
<i>Current liabilities</i>			
Bank overdrafts and short-term borrowings			
from financial institutions	15	16,155,140	30,547,449
Trade and other current payables	5	14,281,909	15,261,285
Current portion of long-term borrowings			
from financial institutions	15	1,570,769	1,864,933
Current portion of lease liabilities	5, 15	587,166	476,647
Corporate income tax payable		572,767	609,559
Other current liabilities	4	310,908	3,216,706
Total current liabilities		33,478,659	51,976,579
<i>Non-current liabilities</i>			
Long-term borrowings from financial institutions	15	14,450,650	16,670,734
Lease liabilities	5, 15	1,920,639	1,718,428
Debentures	15	15,484,603	5,493,051
Deferred tax liabilities	13	5,322,691	4,491,388
Non-current provisions for employee benefits	16	3,595,818	3,877,591
Other non-current liabilities		59,846	296,026
Total non-current liabilities		40,834,247	32,547,218
Total liabilities		74,312,906	84,523,797

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of financial position

As at 31 December 2022

Liabilities and shareholders' equity	Note	2022	2021
		<i>(in thousand Baht)</i>	
Shareholders' equity			
Share capital			
<i>Authorized share capital</i>			
<i>(4,500 million ordinary shares, par value</i>			
<i>at Baht 1 per share)</i>		4,500,000	4,500,000
<i>Issued and paid share capital</i>			
<i>(4,293 million ordinary shares, par value</i>			
<i>at Baht 1 per share)</i>		4,292,920	4,292,920
Share premium		40,860,245	40,860,245
Other deficits		(1,445,045)	(1,445,045)
Retained earnings			
<i>Appropriated</i>			
Legal reserve	17	450,000	450,000
General reserve		3,000	3,000
<i>Unappropriated</i>		55,268,983	52,106,464
Other components of shareholders' equity		(2,229,860)	569,616
Total equity attributable to owners of the Company		97,200,243	96,837,200
Non-controlling interests		25,766,497	25,462,744
Total shareholders' equity		122,966,740	122,299,944
Total liabilities and shareholders' equity		197,279,646	206,823,741

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated income statement

For the year ended 31 December 2022

	Note	2022	2021
		<i>(in thousand Baht)</i>	
Revenue from sales	5	146,068,043	124,222,657
Cost of sales	5	(121,791,156)	(101,344,520)
Gross profit		24,276,887	22,878,137
Gain on exchange rate		143,006	317,207
Other income	4, 5	1,321,527	2,214,237
Profit before expenses		25,741,420	25,409,581
Distribution costs	5, 19	(9,350,540)	(6,819,674)
Administrative expenses	5, 20	(6,688,289)	(5,754,846)
Total expenses		(16,038,829)	(12,574,520)
Profit from operations		9,702,591	12,835,061
Finance costs		(1,468,123)	(1,179,918)
Share of profit of associates			
accounted for using equity method	9	54,819	57,226
Profit before income tax		8,289,287	11,712,369
Tax expense	22	(1,549,917)	(2,065,425)
Profit for the year		6,739,370	9,646,944
Profit attributable to			
Owners of the Company		5,800,605	8,294,367
Non-controlling interests		938,765	1,352,577
		6,739,370	9,646,944
Basic earnings per share (in Baht)			
Attributable to owners of the Company		1.35	1.93

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

SCG Packaging Public Company Limited and its Subsidiaries
Consolidated statement of comprehensive income
For the year ended 31 December 2022

	<i>Note</i>	2022	2021
		<i>(in thousand Baht)</i>	
Profit for the year		6,739,370	9,646,944
Other comprehensive income			
<i>Items that will be reclassified subsequently</i>			
<i>to profit or loss</i>			
Exchange differences on translating financial statement		(3,379,678)	5,005,211
<i>Items that will not be reclassified subsequently</i>			
<i>to profit or loss</i>			
Gain on investments in equity instruments			
measured at fair value		4,744	1,658
Gain on remeasurements of defined benefit plans	16	272,673	137,031
Share of other comprehensive income of associates			
accounted for using equity method	9	2,654	7,585
Income tax relating to items that will not be			
reclassified subsequently to profit or loss	22	(62,385)	(25,725)
Total items that will not be reclassified			
subsequently to profit or loss		217,686	120,549
Other comprehensive income for the year, net of tax		(3,161,992)	5,125,760
Total comprehensive income for the year		3,577,378	14,772,704
Total comprehensive income attributable to			
Owners of the Company		3,153,228	12,100,069
Non-controlling interests		424,150	2,672,635
		3,577,378	14,772,704

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2022

	Note	Issued and paid share capital	Share premium	Other deficits	Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Non- controlling interests	Total shareholders' equity	
					Legal reserve	General reserve	Exchange differences on translating financial statement	Gain (loss) on investments in equity instruments measured at fair value	Total other components of shareholders' equity				
(in thousand Baht)													
Balance at 1 January 2021		4,292,920	40,860,245	(448,444)	337,700	3,000	46,836,323	(3,136,214)	(7,713)	(3,143,927)	88,737,817	21,102,965	109,840,782
Transactions with owners, recorded directly in shareholders' equity													
Contributions by and distributions to owners													
Dividends	24	-	-	-	-	-	(3,004,085)	-	-	-	(3,004,085)	(517,452)	(3,521,537)
Total contributions by and distributions to owners		-	-	-	-	-	(3,004,085)	-	-	-	(3,004,085)	(517,452)	(3,521,537)
Changes in ownership interests in subsidiaries													
Changes that do not result in an acquisition or a loss of control	4	-	-	(996,601)	-	-	-	-	-	-	(996,601)	(413,917)	(1,410,518)
Changes that result in an acquisition or a loss of control	4	-	-	-	-	-	-	-	-	-	-	2,618,513	2,618,513
Total changes in ownership interests in subsidiaries		-	-	(996,601)	-	-	-	-	-	-	(996,601)	2,204,596	1,207,995
Total transactions with owners, recorded directly in shareholders' equity		-	-	(996,601)	-	-	(3,004,085)	-	-	-	(4,000,686)	1,687,144	(2,313,542)
Comprehensive income for the year													
Profit or loss		-	-	-	-	-	8,294,367	-	-	-	8,294,367	1,352,577	9,646,944
Other comprehensive income		-	-	-	-	-	92,159	3,712,303	1,240	3,713,543	3,805,702	1,320,058	5,125,760
Total comprehensive income for the year		-	-	-	-	-	8,386,526	3,712,303	1,240	3,713,543	12,100,069	2,672,635	14,772,704
Transfer to legal reserve	17	-	-	-	112,300	-	(112,300)	-	-	-	-	-	-
Balance at 31 December 2021		4,292,920	40,860,245	(1,445,045)	450,000	3,000	52,106,464	576,089	(6,473)	569,616	96,837,200	25,462,744	122,299,944

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2022

	Note	Issued and paid share capital	Share premium	Other deficits	Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Non- controlling interests	Total shareholders' equity	
					Legal reserve	General reserve	Exchange differences on translating financial statement	Gain (loss) on investments in equity instruments measured at fair value	Total other components of shareholders' equity				
(in thousand Baht)													
Balance at 1 January 2022		4,292,920	40,860,245	(1,445,045)	450,000	3,000	52,106,464	576,089	(6,473)	569,616	96,837,200	25,462,744	122,299,944
Transactions with owners, recorded directly in shareholders' equity													
Contributions by and distributions to owners													
Dividends	24	-	-	-	-	-	(2,790,185)	-	-	-	(2,790,185)	(821,534)	(3,611,719)
Total contributions by and distributions to owners		-	-	-	-	-	(2,790,185)	-	-	-	(2,790,185)	(821,534)	(3,611,719)
Changes in ownership interests in subsidiaries													
Changes that do not result in an acquisition or a loss of control	4	-	-	-	-	-	-	-	-	-	-	650,437	650,437
Changes that result in an acquisition or a loss of control	4	-	-	-	-	-	-	-	-	-	-	50,700	50,700
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	701,137	701,137
Total transactions with owners, recorded directly in shareholders' equity		-	-	-	-	-	(2,790,185)	-	-	-	(2,790,185)	(120,397)	(2,910,582)
Comprehensive income for the year													
Profit or loss		-	-	-	-	-	5,800,605	-	-	-	5,800,605	938,765	6,739,370
Other comprehensive income		-	-	-	-	-	152,099	(2,803,023)	3,547	(2,799,476)	(2,647,377)	(514,615)	(3,161,992)
Total comprehensive income for the year		-	-	-	-	-	5,952,704	(2,803,023)	3,547	(2,799,476)	3,153,228	424,150	3,577,378
Balance at 31 December 2022		4,292,920	40,860,245	(1,445,045)	450,000	3,000	55,268,983	(2,226,934)	(2,926)	(2,229,860)	97,200,243	25,766,497	122,966,740

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of cash flows

For the year ended 31 December 2022

	2022	2021
	<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit for the year	6,739,370	9,646,944
<i>Adjustments for</i>		
Tax expense	1,549,917	2,065,425
Depreciation and amortization	9,699,145	8,315,232
Expected credit loss (reversal)	11,601	(59,092)
Loss on inventories devaluation	169,575	89,820
Non-current provisions for employee benefit expense	217,031	370,276
Gain on foreign currency exchange	(120,177)	(209,704)
Share of profit of associates accounted for using equity method	(54,819)	(57,226)
Interest income	(197,087)	(196,725)
Finance costs	1,468,123	1,179,918
Loss on impairment of assets (reversal)	(7,687)	132,349
Gain on fair value adjustment and others	(152,379)	(1,405,125)
Cash flows generated from operations		
before changes in operating assets and liabilities	19,322,613	19,872,092
<i>Decrease (increase) in operating assets</i>		
Trade and other receivables	3,234,770	(4,903,162)
Inventories	(405,471)	(6,881,734)
Other assets	(148,055)	(209,600)
Net decrease (increase) in operating assets	2,681,244	(11,994,496)

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of cash flows

For the year ended 31 December 2022

	<i>Note</i>	2022	2021
		<i>(in thousand Baht)</i>	
<i>Increase (decrease) in operating liabilities</i>			
Trade and other payables		(2,631,403)	2,224,408
Non-current provisions for employee benefits		(251,683)	(185,462)
Other liabilities		(124,519)	(169,025)
Net increase (decrease) in operating liabilities		(3,007,605)	1,869,921
Net cash flows generated from operations		18,996,252	9,747,517
Income tax paid		(1,762,449)	(2,246,540)
Net cash flows provided by operating activities		17,233,803	7,500,977
<i>Cash flows from investing activities</i>			
Acquisition of subsidiaries, net of cash acquired	4	(7,025,945)	(13,778,582)
Acquisition of interests in associate		(44,210)	-
Proceeds from sale of debt instruments of other entities		12,475,301	1,406,781
Acquisition of debt instruments of other entities		(1,711,122)	(12,445,005)
Proceeds from sales of property, plant and equipment		166,477	20,631
Acquisition of property, plant and equipment		(6,861,637)	(6,191,481)
Acquisition of intangible assets		(324,124)	(223,690)
Proceeds from short-term loans to related party		-	7,328
Dividends received		10,862	14,397
Interest received		195,166	194,307
Net cash flows used in investing activities		(3,119,232)	(30,995,314)

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

SCG Packaging Public Company Limited and its Subsidiaries

Consolidated statement of cash flows

For the year ended 31 December 2022

	<i>Note</i>	2022	2021
		<i>(in thousand Baht)</i>	
<i>Cash flows from financing activities</i>			
Proceeds from changes in ownership interests			
in subsidiaries that do not result in a loss of control		650,444	-
Payments of changes in ownership interests			
in subsidiaries that do not result in a loss of control	4	-	(1,410,518)
<i>Proceeds from (payments of) borrowings</i>			
Proceeds from (payments of) bank overdrafts			
and short-term borrowings - net		(14,047,168)	12,454,078
Proceeds from long-term borrowings		-	5,000,000
Payments of long-term borrowings		(2,580,001)	(17,334,493)
Payments of lease liabilities		(625,861)	(549,444)
Proceeds from issuance of debentures		10,000,000	5,500,000
Net increase (decrease) in borrowings		(7,253,030)	5,070,141
<i>Dividends paid</i>			
Dividends paid to owners of the Company		(2,790,185)	(3,004,085)
Dividends paid to non-controlling interests		(821,534)	(517,452)
Total dividends paid		(3,611,719)	(3,521,537)
Interest and other finance costs paid		(1,387,234)	(1,180,397)
Net cash flows used in financing activities		(11,601,539)	(1,042,311)
Net increase (decrease) in cash and cash equivalents		2,513,032	(24,536,648)
Effect of exchange rate changes on cash and cash equivalents		142,589	591,258
Cash and cash equivalents at beginning of the year		7,310,312	31,255,702
Cash and cash equivalents at end of the year		9,965,933	7,310,312
<i>Supplementary information for cash flows</i>			
Non-cash from investing transactions at end of the year			
Account payables from purchase of assets		609,484	517,439
Accrued investments		490,907	3,664,557

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

SCG Packaging Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2022

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29	Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

SCG Packaging Public Company Limited and its Subsidiaries
Notes to the financial statements
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These notes form an integral part of the consolidated financial statements.

The consolidated financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 14 February 2023.

1 General information

SCG Packaging Public Company Limited, the “Company”, is incorporated in Thailand. The Company’s registered office is at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The parent company is The Siam Cement Public Company Limited, which is incorporated in Thailand.

The Company and its subsidiaries, the “Group”, is a comprehensive packaging solutions providers comprising of three main operating businesses (1) Integrated Packaging Business (2) Fibrous Business and (3) Recycling Business.

Details of the subsidiaries, which were included in the consolidated financial statements, are as follows:

	2022	2021
	Direct / Indirect Holding (%)	
<i>Registered in Thailand</i>		
Siam Kraft Industry Co., Ltd.	100	100
SCG Paper Energy Co., Ltd.	100	100
SCGP Solutions Co., Ltd.	100	100
SCGP Rigid Plastics Co., Ltd.	100	100
International Healthcare Packaging Co., Ltd.	100	100
Invenique Co., Ltd.	100	100
SCGP Excellence Training Center Co., Ltd.	100	100
Vexcel Pack Co., Ltd.		
(Formerly: Visy Packaging (Thailand) Limited)	100	100
Precision Print Co., Ltd.	100	100
SKIC International Co., Ltd.	100	-
Thai Cane Paper Public Company Limited	98.20	98.20
Thai Containers Group Co., Ltd.	70	70
Thai Containers Khonkaen Co., Ltd.	70	70
Thai Containers Rayong Co., Ltd.	70	70
Orient Containers Co., Ltd.	70	70
Dyna Packs Co., Ltd.*	70	70
D-In Pack Co., Ltd.*	70	70
Phoenix Pulp & Paper Public Company Limited	69.58	69.58
Phoenix Utilities Co., Ltd.**	69.58	69.58
Thai Paper Co., Ltd.	69.58	69.58

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	2022	2021
	Direct / Indirect Holding (%)	
The Siam Forestry Co., Ltd.	69.58	69.58
Siam Panawes Co., Ltd.	69.58	69.58
Suanpa Rungsaris Co., Ltd.	69.58	69.58
Panas Nimit Co., Ltd.	69.58	69.58
Thai Panaboon Co., Ltd.	69.58	69.58
Thai Panaram Co., Ltd.	69.58	69.58
Thai Panadorn Co., Ltd.	69.58	69.58
Thai Panason Co., Ltd.	69.58	69.58
Thai Wanabhum Co., Ltd.	69.58	69.58
TC Flexible Packaging Co., Ltd.	52.50	52.50
Prepack Thailand Co., Ltd.	52.38	52.38
SCGP-T Plastics Co., Ltd.	51	51
Tawana Container Co., Ltd.	50.40	50.40
Conimex Co., Ltd.	38.25	38.25
<i>Registered in Philippines</i>		
United Pulp and Paper Co., Inc.	74.77	74.77
United Industrial Energy Corporation	74.77	74.77
<i>Registered in Vietnam</i>		
Go-Pak Vietnam Limited	100	100
Go-Pak Paper Products Vietnam Co., Ltd.	100	100
Vina Kraft Paper Co., Ltd.	70	70
New Asia Industries Co., Ltd.	70	70
Alcamax Packaging (Vietnam) Co., Ltd.	70	70
AP Packaging (Hanoi) Co., Ltd.	70	70
Packamex (Vietnam) Co., Ltd.	70	70
Duy Tan Plastics Manufacturing Corporation		
Joint Stock Company	70	70
Duy Tan Long An Co., Ltd.	70	70
Duy Tan Precision Mold Co., Ltd	70	70
Mata Plastic Co., Ltd.	70	70
Duy Tan Binh Duong Plastics Co., Ltd.	70	70
Bien Hoa Packaging Joint Stock Company	65.88	65.88
Tin Thanh Packing Joint Stock Company	52.49	52.49
<i>Registered in Singapore</i>		
SCGP Solutions (Singapore) Pte. Ltd.	100	100
SCGP Rigid Packaging Solutions Pte. Ltd.	100	100
TCG Solutions Pte. Ltd.	70	70

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	2022	2021
	Direct / Indirect Holding (%)	
<i>Registered in Indonesia</i>		
PT Indocorr Packaging Cikarang	70	70
PT Indoris Printingdo	69.97	69.97
PT Primacorr Mandiri	67.90	67.90
PT Fajar Surya Wisesa Tbk.	55.24	55.24
PT Dayasa Aria Prima	55.24	55.24
PT Indonesia Dirtajaya Aneka Industri Box	52.50	52.50
PT Bahana Buana Box	52.50	52.50
PT Rapipack Asritama	52.50	52.50
<i>Registered in Malaysia</i>		
Interpress Printers Sendirian Berhad	68.30	68.30
<i>Registered in United Kingdom</i>		
Go-Pak UK Limited	100	100
Peute UK Limited	100	-
<i>Registered in Spain</i>		
Peute Recycling Spain S.L.	100	-
Detalab Global, S.L.	85	85
Detalab, S.L.	85	85
Keylab, S.L.U.	85	85
Nirco, S.L.	85	85
Envases Farmaceuticos, S.A.	85	85
Equilabo Scientific, S.L.U.	85	85
Sanilabo, S.L.U.	85	85
<i>Registered in Netherlands</i>		
Peute Recycling B.V.	100	-
Peute Papierrecycling B.V.	100	-
Peute Plasticrecycling B.V.	100	-
Peute Recycling International B.V.	100	-
<i>Registered in Portugal</i>		
Peute Portugal, Unipessoal Lda	100	-
<i>Registered in the United States</i>		
Jordan Trading Inc.	90.10	-

* Currently in the liquidation process

** Currently in the liquidation process due to the transfer of entire business to Phoenix Pulp & Paper Public Company Limited on 1 October 2021 and registered the dissolution with the Department of Business Development, Ministry of Commerce on 20 December 2021.

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Most of the above subsidiaries were established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2021, except during 2022, the Group acquired the ordinary shares of Peute Recycling B.V. and its subsidiaries in the Netherlands and Jordan Trading Inc. in the United States. These companies' assets, liabilities and operating results are included in the Group's consolidated financial statements, as discussed in note 4.

2 Basis of preparation of the financial statements

The consolidated financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRSs"); guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The consolidated financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

The preparation of consolidated financial statements in conformity with TFRSs requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions that are described in each note are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

From 1 January 2022, the Group has adopted the amendments in accordance with TFRS 9 *Financial Instruments* and TFRS 7 *Disclosure of Financial Instruments*, which apply to transactions directly affected by interest rate benchmark reform (IBOR). The Group is currently in the process of amending contractual terms in order to response to IBOR reform.

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

The Group applies the acquisition method when the Group assesses 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 recognized as incurred.

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In a business combination achieved in stages, the Group shall remeasure its previously held equity interest of investment in the acquiree to its acquisition-date fair value and recognize the resulting gain or loss in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income shall be recognized on the same basis as would be required if that interest was disposed of.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the fair value amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognized in profit or loss immediately.

Consideration transferred is measured at fair-value includes assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, any contingent consideration and equity interests issued by the Group.

Any contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognized 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.

If the initial accounting for a 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 or additional assets or liabilities are recognized during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(b) *Investment in 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 consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree when there is a change in the Group's interest in a subsidiary that does not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid from the acquisition or consideration received from disposal is accounted for as other surplus or deficit in shareholders' equity.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities, any related non-controlling interests and other components of equity of the subsidiary. Any resulting gain or loss arising from loss of control in the subsidiary is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(c) *Investments in associates*

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

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

Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(d) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments which have a maturities of three months or less from the date of acquisition and are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

In addition, bank overdrafts that are repayable on demand are component of financing activities for the purpose of the statement of cash flows.

(e) *Trade and other receivables*

A receivable is recognized when the Group has an unconditional right to receive consideration. A receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

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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 by 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 end of the reporting period.

(f) *Inventories*

Inventories are measured at the lower of cost and net realizable value. Cost is calculated using the weighted average cost.

Cost comprises costs of purchase, costs of conversion or relevant direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less the costs to complete and to make the sale.

(g) *Non-current assets classified as held for sale*

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use which are available for immediate sale in current condition and measured at the lower of their carrying amount and fair value less cost to sell.

Non-current assets classified as held for sale are no longer depreciated or amortized and any equity-accounted investee is no longer equity accounted.

(h) *Biological assets*

Biological assets are measured at fair value less costs to sell (the incremental cost directly attributable to the disposal of a biological asset), except for the case where the fair value cannot be measured reliably, there are measured at cost less accumulated depreciation and accumulated impairment losses. Gains or losses on changes in fair value less costs to sell are recognized in profit or loss.

(i) *Investment property*

Investment properties are properties which are held as right-of-use assets, as well as properties that are owned by the Group. Investment properties are held to earn rental income, or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

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Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials, direct labor, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs of a qualifying assets.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and recognized in profit or loss. No depreciation is charged on freehold land and construction in progress.

The estimated useful lives are as follows:

Land improvements	5, 20 years
Buildings and structures	5, 20 years

Any gains or losses arising from differences between the proceeds from disposal and the carrying amount of investment property are recognized in profit or loss.

Reclassification to property, plant and equipment

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(j) Property, plant and equipment

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated 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, direct labor, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs of a qualifying asset. Licensed software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Any Gains or losses arising from differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognized in profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, its carrying amount is recognized and reclassified as investment property.

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Subsequent costs

The cost of replacing a part of an item of property, plant and equipment, including major inspections, is recognized in the carrying amount of the item when 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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of property, plant and equipment, or other amount substituted for cost, less its residual value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and recognized in profit or loss. No depreciation is provided on freehold land and construction in progress.

The estimated useful lives are as follows:

Land improvements	5 - 30 years
Buildings and structures	5 - 40 years
Machinery and equipment	3 - 30 years
Furniture, fixtures and office equipment	3 - 20 years
Vehicles and equipment	5 - 10 years
Bearer plant	Actual production in each month

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

(k) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any assets.

(l) Other intangible assets

Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

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Development expenditure is capitalized only if development costs 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 is recognized in profit or loss as incurred.

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

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits.

Amortization is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognized in profit or loss, from the date that they are available for use. No amortization is provided on development cost.

The estimated useful lives are as follows:

Customer contracts and relationship	5 - 20 years
Trademark	10, 20 years
Technology licenses and patent	4, 15 years
Software licenses	3 - 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

(m) Leases

At inception of a contract, the Group assesses that 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.

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

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which are recognized 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 accumulated impairment loss, and adjusted for any remeasurements of lease liability.

The cost of 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 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 Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful lives 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 amortized 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.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment in the statement of financial position.

(n) *Impairment of non-financial assets*

The carrying amounts of the Group's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group will estimate the assets' recoverable amounts. For goodwill and other 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 recognized in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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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.

An impairment loss of asset recognized 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 amortization, if no impairment loss had been recognized.

(o) Trade and other payables

Trade and other payables are stated at amortized cost.

(p) Employee benefits

Defined contribution plans

Obligations for contributions to provident fund for the Group's employee are expensed in profit or loss as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. The defined benefit obligation is discounted to the present value which performed annually by a qualified actuary.

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

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

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Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Gain or loss on remeasurements are recognized in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits or when the Group recognizes 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 benefits are expensed as the related service is provided. A liability is recognized 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.

(q) Provisions

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

(r) Revenue from contracts with customers

(1) Revenue recognition

Revenue is recognized when a customer obtains control of the goods or services 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 is after deduction of any trade discounts and volume rebates.

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Sale of goods and rendering of services

Revenue from sales of goods is recognized at a point in time when the Group transfers control of the goods to customers, generally on delivery of the goods to the customers. For the sales that permit the customers to return the goods, the Group estimates the returns based on the historical return data, does not recognize revenue and cost of sale for the estimated products to be returned.

Revenue for rendering of services is recognized over time based on progress towards complete satisfaction of performance obligation or as the serviced are provided. The progress towards complete satisfaction is assessed based on either output or input method.

For bundled packages, the Group recognizes revenue from sales of products and rendering of services separately if a product or service is separately identifiable from other items and a customer can benefit from it or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

The Group has a timing of revenue recognition mainly from sales of goods which is recognized at a point in time.

Customer loyalty programme

For customer loyalty programmes that the Group offers to customers, 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 recognized as contract liabilities and revenue is recognized when loyalty points are redeemed, the likelihood of the customer redeeming the loyalty points becomes remote or points expire. The stand-alone selling prices of the points is estimated based on discount provided to customers and the likelihood that the customers will redeem the points. The estimate shall be reviewed at the end of the reporting period.

Other income

Other income comprises dividend income, interest income and others that recognized on accrual basis except dividend income is recognized in profit or loss on the date that the Group's right to receive the dividend is established.

Royalty fee income

Royalty fee income is recognized over the royalty term.

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(2) Contract assets and liabilities

Contract assets are recognized when the Group has recognized revenue before it has an unconditional right to receive consideration. The contract assets are measured at the amount of consideration that the Group is entitled to, less allowance for expected credit loss. The contract assets are classified as trade receivables when the Group has an unconditional right to receive consideration that usually occurs when the Group issues an invoice to the customer.

Contract liabilities are the obligation to transfer goods or services to the customer. The contract liabilities are recognized when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognizes the related revenue.

(s) Expenses

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Early retirement expenses

The Group offers certain qualifiable employees the option to take early retirement from the Group. Eligible employees who accept the offer are paid a lump sum amount, which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Group records expenses on early retirement upon mutual acceptance.

(t) Income tax

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

Current tax is recognized in respect of the taxable income or loss 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.

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Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they 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 end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

(u) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currency transactions and measured in terms of historical cost are translated to the respective functional currencies of each entity in the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currencies at the exchange rates at the end of the reporting period.

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

Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI is recognized in other comprehensive income.

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Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the end of the reporting period. The revenues and expenses of foreign operations are translated to Thai Baht at the average rates approximating the exchange rates at the dates of the transactions. Foreign exchange differences arising on translation are recognized in other comprehensive income, except to extent that the translation difference is allocated to non-controlling interest, accumulated and presented in other components of equity until disposal of the foreign operation.

When a foreign operation is disposed of in its entirety or partially such that control or significant influence 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 while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation, recognized in other comprehensive income and presented in other components of equity until disposal of the foreign operation.

(v) Financial instruments

Classification and measurement

Debt securities issued by the Group are initially recognized when they are originated. Other financial assets and financial liabilities, except trade receivables and trade payables, are initially recognized when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value by taking into account for transaction costs that are directly attributable to its acquisition or issue of the securities, except for financial assets and financial liabilities measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition or issue of the securities are recognized in profit or loss.

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

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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 amortized cost using the effective interest method, except that the financial liabilities are held for trading or derivative are classified as measured at FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognized in profit or loss.

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

Debt investments measured at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and expected credit loss are recognized in profit or loss. Gains and losses from changes in fair value are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments measured at FVOCI are subsequently measured at fair value. Dividend income is recognized as income in profit or loss on the date that the Group's right to receive the dividend is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Gains and losses from changes in fair value are recognized in OCI and never reclassified to profit or loss.

Derecognition and offset

The Group derecognizes 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 derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognizes 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 recognized at fair value. The difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

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

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Derivatives

Derivatives are recognized at fair value and remeasured at fair value at each reporting date. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting.

Impairment of financial assets

The Group recognizes allowances for expected credit losses (ECLs) on financial assets measured at amortized cost, debt investments measured at FVOCI and lease receivables.

The Group recognizes 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 or trade receivables under simplified approach, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

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 considers a financial asset to have low credit risk when its credit rating is the investment grade. The Group recognizes ECLs for low credit risk financial asset as 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in credit rating, significant deterioration in the operating results and existing 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 realizing security (if any is held); or
- the financial asset is more than 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increase in loss allowance is recognized as an impairment loss in profit or loss.

Write-off

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 recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

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Interest

Interest income and expense are recognized 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 amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to carrying amount of the financial assets after impairment losses. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(w) Fair value 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. The fair value of a liability reflects its non-performance risk.

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

- Level 1: quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

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

(x) Business segment reporting

Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(y) Relating parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence.

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4 Acquisitions of business and changes in ownership interests of subsidiaries

Year 2022

Acquisitions of business

During 2022, the Group acquired the significant businesses as follows:

(1) Peute Recycling B.V. and its subsidiaries, the Netherlands

On 15 July 2022, SCGP Solutions (Singapore) Pte. Ltd., which is a wholly owned subsidiary of the Group, acquired 100% stake in Peute Recycling B.V. (“Peute”), a packaging materials recycling of recovered paper and plastic, registered in the Netherlands. This investment has total consideration of EUR 84.07 million or equivalent to Baht 3,104 million.

Acquisition in Peute is an expansion of business into the rapidly growing packaging material recycling business. This transaction would strengthen all levels of packaging business from raw material sources and production through to the offering of integrated packaging solutions to customers and improving sourcing capabilities.

(2) Jordan Trading Inc., the United States

On 2 September 2022, SKIC International Co., Ltd., which is a wholly owned subsidiary of the Company, acquired 90.1% stake in Jordan Trading Inc. (“Jordan”), a trader and distributor of recovered paper in the United States. This investment has total consideration of USD 1.98 million or equivalent to Baht 73 million.

Acquisition in Jordan is an expansion of business into packaging material recycling business. This investment would augment the Group with direct access to the source of high quality American Old Corrugated Containers (“AOCC”) which is key raw material that strengthen packaging paper and fiber packaging productions. Together with Peute, the addition of Jordan would also enhance sourcing capabilities and international network of recovered materials.

(3) Acquisition in flexible packaging business from Cyberprint Group Co., Ltd., Thailand

On 27 December 2022, Prepack Thailand Co., Ltd. (“Prepack”) which is a 99.8% owned subsidiary of the Company, acquired flexible packaging business from Cyberprint Group Co., Ltd. (“Cyber”), a multi-type printing and packaging service provider in Thailand. This investment has total consideration of Baht 340 million.

Along with the business acquisition, this will increase current flexible packaging production capacity and enhance customer segments in pet food and health supplements products of Prepack. Moreover, the new capacity would also lead to cost-saving opportunities via co-sourcing of raw materials and improved economies of scale. This acquisition is part of SCGP’s medium-term strategic objectives to strengthen the packaging solutions business in ASEAN.

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According to the above acquisitions, the Group has engaged an independent appraiser to determine the fair values of net assets and liabilities acquired. As at 31 December 2022, the determination of the fair values has been completed and the carrying amount of the assets acquired and liabilities assumed were recorded accordingly.

Assets acquired and liabilities assumed at the acquisition date were as follows:

	<i>Note</i>	Fair Value			
		Peute	Jordan	Cyber	Total
		<i>(in million Baht)</i>			
Cash and cash equivalents		230	11	-	241
Trade and other current receivables		1,976	60	-	2,036
Inventories		54	1	35	90
Property, plant and equipment		307	5	273	585
Intangible assets	12	1,448	-	-	1,448
Other non-current assets		8	-	6	14
Trade and other current payables		(1,547)	(33)	-	(1,580)
Interest-bearing liabilities		(74)	(5)	-	(79)
Other current liabilities		(146)	-	-	(146)
Deferred tax liabilities		(397)	-	-	(397)
Net identifiable assets and liabilities		1,859	39	314	2,212
<i>Less non-controlling interests</i>		-	(4)	-	(4)
Recognized value of net assets acquired		1,859	35	314	2,208
Goodwill from business acquisition	12	1,245	38	26	1,309
Total consideration transferred		3,104	73	340	3,517
Cash acquired					(241)
Total consideration transferred - net					3,276

The assets, liabilities, and operating results of these subsidiaries have been included in the Group's consolidated financial statements for the period ended 31 December 2022 since the acquisition date with total revenue from sales of Baht 4,814 million and profit for period of Baht 51 million. Revenue from sales of these subsidiaries since 1 January 2022 to the acquisition date amounting to Baht 8,715 million and profit for period amounted to Baht 71 million.

The Group incurred acquisition costs totaling Baht 84 million which have been included in administrative expenses in the consolidated income statement.

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Besides the acquisitions during 2022 as above, the Group had significant transactions related to the business acquisitions in 2021 as follows;

In the first quarter of 2022, the determination of the fair values of assets acquired and liabilities assumed from acquisition of Deltalab, S.L. (“Deltalab”), Spain, has been completed. The Group recorded the fair value of the assets acquired and liabilities assumed accordingly, mainly from an increase of other intangible assets of Baht 2,105 million, and recognized a decrease in goodwill of Baht 1,770 million. This adjustment is in accordance with the accounting adjustment condition for business acquisition.

In the second quarter of 2022, the Group has reached a final agreement with the former shareholder of Duy Tan Plastics Manufacturing Corporation Joint Stock Company (“Duy Tan”), Vietnam, to pay the remaining amount of VND 2,340 billion or equivalent to Baht 3,527 million. This resulted in an increase in the remaining of the provision of contingent consideration by VND 394 billion or equivalent to Baht 582 million, which consists of the recognition an increase of goodwill of Baht 195 million and loss from estimate adjustment of Baht 387 million which presented in administrative expenses in the consolidated income statement. In July 2022, the Group has already paid the remaining amount to the former shareholder.

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Year 2021

(a) Acquisitions of business

During 2021, the Group acquired significant businesses as follows:

(1) Go-Pak UK Limited and its Subsidiaries, United Kingdom

On 12 January 2021, SCGP Solutions (Singapore) Pte. Ltd., which is a wholly owned subsidiary of the Company, acquired 100% stake in Go-Pak UK Limited (“Go-Pak”), one of leading foodservice packaging solution providers in the UK, Europe and North America. This agreement has total consideration of approximately GBP 133.6 million or equivalent to Baht 5,449 million. The payment has divided by the first payment of GBP 77.5 million or equivalent to Baht 3,161 million and the remaining payment will be based on the Go-Pak’s incremental financial performance in 2021 and 2022. In the third quarter of 2021, the Group paid the second payment to the former shareholders of Go-Pak in the amount of GBP 29.9 million or equivalent to Baht 1,358 million. Subsequently, in the fourth quarter of 2021, the Group has decreased provision of remaining contingent consideration amounting to GBP 26.2 million or equivalent to Baht 1,183 million in accordance with condition in specified agreement. The Group has recognized gain from this transaction by presenting in other income in the consolidated income statement.

Obtaining control in Go-Pak further reinforces the Group to expand SCGP’s foodservice packaging business and elevates its consumer platform, while giving access to customer base in UK, Europe and North America. This will also broaden SCGP’s total packaging solutions and strengthen its production and distribution capabilities to grow the ASEAN market.

(2) Duy Tan Plastics Manufacturing Corporation Joint Stock Company and its Subsidiaries, Vietnam

On 23 July 2021, SCGP Rigid Packaging Solutions Pte. Ltd., which is a wholly owned subsidiary of the Company, acquired 70% stake in Duy Tan Plastics Manufacturing Corporation Joint Stock Company (“Duy Tan”), one of Vietnam’s leading producer of rigid packaging products. This agreement has total consideration of approximately VND 5,500 billion or equivalent to Baht 7,870 million. The payment is initiated by the first payment of VND 3,630 billion or equivalent to Baht 5,195 million and the remaining payment will be based on Duy Tan’s incremental financial performance in 2020 and 2021. In the fourth quarter of 2021, the Group has increased provision of contingent consideration amounting to VND 76 billion or equivalent to Baht 112 million. The Group has recognized loss on this transaction by netting and presenting in other income in the consolidated income statement.

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Obtaining control in Duy Tan further reinforces the Group to expand SCGP's rigid packaging business in ASEAN and elevates the supporting for both consumer goods manufacturer and consumer in Vietnam. Duy Tan's main customers are multinational corporations and domestic consumer goods manufacturers with high growth rates. In addition, Duy Tan also manufacture branded home products, such as food wares and food containers. This expansion by merger and partnership enlarges the customer base and also synergies through the selling of related supplementary products.

(3) *PT Indonesia Dirtajaya Aneka Industri Box, PT Bahana Buana Box, PT Rapipack Asritama (collectively, "Intan Group"), Indonesia*

On 13 August 2021, TCG Solutions Pte. Ltd., which is a wholly owned subsidiary of Thai Containers Group Company Limited (or "TCG"), a 70:30 joint venture between the Company and Rengo Company Limited in Japan, acquired 75% stake in PT Indonesia Dirtajaya Aneka Industri Box, PT Bahana Buana Box and PT Rapipack Asritama (collectively, "Intan Group"), the corrugated container producers in Indonesia. This agreement has total consideration of approximately Rupiah 856 billion or equivalent to Baht 1,978 million. The payment has divided by the first payment of Rupiah 822 billion or equivalent to Baht 1,897 million and the remaining payment will be based on the Intan Group's incremental financial performance in 2022 and 2023.

Intan Group is one of Indonesia's leading corrugated container producers and operates in 4 strategic locations namely Surabaya in East Java, Semarang in Central Java, Bekasi in West Java, and Minahasa in North Sulawesi. Intan Group's main customers are multinational companies and local brand owners in the food, beverage and consumer segments. The acquisition of Intan Group is to expand SCGP's fiber-based packaging business across Indonesia, enhancing SCGP's capability to serve customers, and also increases the proportion of vertical integration (Internal Integration) with the packaging paper mill PT Fajar Surya Wisesa Tbk.

(4) *Deltalab Global S.L and its Subsidiaries, Spain*

On 9 December 2021, International Healthcare Packaging Company Limited, which is a wholly owned subsidiary of the Company, acquired 85% stake in Deltalab, S.L. ("Deltalab"), a specialized manufacturer and distributor of high-quality medical supplies and labware registered in Spain. This agreement has total consideration of approximately EUR 86.4 million or equivalent to Baht 3,307 million.

Acquisition in Deltalab is an expansion of business into the medical supplies and labware market. It will elevate the Group's customers and products portfolio in respond to a growth in the hygiene and healthcare industry, as well as enriching its global services capabilities and adding synergy to its related production. Currently, the Group introduces the products in forms of packaging for transportation, product packaging and display packaging. It is also an essential foundation for the Group's future expansions of healthcare and medical supplies industry in Asia Pacific.

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Assets acquired and liabilities assumed at the acquisition date were as follows:

	<i>Note</i>	Fair Value				
		Go-Pak	Duy Tan	Intan Group	Deltalab	Total
		<i>(in million Baht)</i>				
Cash and cash equivalents		479	283	35	243	1,040
Trade and other current receivables		290	1,204	699	571	2,764
Inventories		431	1,824	344	356	2,955
Property, plant and equipment	10	595	4,743	1,698	154	7,190
Intangible assets	12	2,263	4,497	-	34	6,794
Other non-current receivables		5	35	18	40	98
Trade and other current payables		(208)	(1,168)	(733)	(370)	(2,479)
Interest-bearing liabilities	15	(357)	(2,861)	(585)	(594)	(4,397)
Other current liabilities		(49)	(37)	(9)	(59)	(154)
Deferred tax liabilities	13	(444)	(1,149)	(28)	-	(1,621)
Other non-current liabilities		-	(49)	(89)	(68)	(206)
Net identifiable assets and liabilities		3,005	7,322	1,350	307	11,984
<i>Less non-controlling interests</i>		<i>-</i>	<i>(2,196)</i>	<i>(338)</i>	<i>(46)</i>	<i>(2,580)</i>
Recognized value of net assets acquired		3,005	5,126	1,012	261	9,404
Goodwill from business acquisition	12	2,444	2,744	966	3,046	9,200
Total consideration transferred		5,449	7,870	1,978	3,307	18,604
Cash acquired						(1,040)
Total consideration transferred - net						17,564

Consideration transferred includes cash in escrow account amounting to Baht 380 million, which will be released when certain conditions are met within 5 years from the acquisition date; and contingent consideration which is based on the incremental financial performance recognized at fair value at the acquisition date and classified as a level 3 fair value (see note 25).

The Group incurred acquisition costs totaling Baht 362 million which have been included in administrative expenses in the consolidated income statement.

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(b) Change in ownership interests in subsidiaries

In the third quarter of 2021, the Group increased its interest in Vexcel Pack Co., Ltd. (Formerly: Visy Packaging (Thailand) Limited) from 80% to 100% and its interest in Precision Print Co., Ltd. from 75% to 100% totaling Baht 1,410 million.

The following summarizes the effect of the change in the Group's ownership interests:

	<i>(in million Baht)</i>
Carrying amount of non-controlling interests acquired	414
Less Consideration paid to non-controlling interests	(1,410)
Increase in other deficits	(996)

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5 Related parties

Relationships with related parties were as follows:

Name of entities	Country of incorporation / nationality	Nature of relationships
The Siam Cement Public Company Limited	Thailand	Ultimate parent company
Siam Toppan Packaging Co., Ltd.	Thailand	An associate of SCG Packaging Public Company Limited
Siam Nippon Industrial Paper Co., Ltd.	Thailand	An associate of SCG Packaging Public Company Limited
Sahagreen Forest Co., Ltd.	Thailand	An associate of SCG Packaging Public Company Limited
Packworks Co., Ltd.	Thailand	An associate of SCG Packaging Public Company Limited
P&S Holdings Corporation	Philippines	An associate of SCG Packaging Public Company Limited
ReUse SAS	France	An associate of SCG Packaging Public Company Limited
SCG Cement Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
The Siam Cement (Ta Luang) Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
The Siam Cement (Kaeng Khoi) Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
The Siam Cement (Thung Song) Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
The Siam Refractory Industry Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
SCI Eco Services Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
Siam Fibre Cement Group Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
The Siam Fibre-Cement Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
SCG Ceramics Public Company Limited	Thailand	A subsidiary of the Siam Cement Public Company Limited
Sosuco Ceramic Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
SUSUNN Smart Solution Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
Siam Sanitary Ware Industry Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
SCG International Corporation Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
SCG Logistics Management Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
SCG Chemicals Public Company Limited	Thailand	A subsidiary of the Siam Cement Public Company Limited
SCG Plastics Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
SCG Performance Chemicals Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
Rayong Olefins Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
Nawaplastic Industries Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
Thai Polyethylene Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
Map Ta Phut Olefins Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
Rayong Engineering & Plant Service Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
SCG Legal Counsel Limited	Thailand	A subsidiary of the Siam Cement Public Company Limited
SCG Learning Excellence Co., Ltd.	Thailand	A subsidiary of the Siam Cement Public Company Limited
PT Siam-Indo Gypsum Industry	Indonesia	A subsidiary of the Siam Cement Public Company Limited

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Name of entities	Country of incorporation / nationality	Nature of relationships
PT SCG International Indonesia	Indonesia	A subsidiary of the Siam Cement Public Company Limited
PT SCG Barito Logistics	Indonesia	A subsidiary of the Siam Cement Public Company Limited
Prime Trading, Import and Export One Member Limited Liability Company	Vietnam	A subsidiary of the Siam Cement Public Company Limited
SCG International Vietnam Co., Ltd.	Vietnam	A subsidiary of the Siam Cement Public Company Limited
SCG International (Philippines) Corporation Co., Ltd	Philippines	A subsidiary of the Siam Cement Public Company Limited
SCG International USA Inc.	The United States	A subsidiary of the Siam Cement Public Company Limited
SCG International Australia Pty. Ltd.	Australia	A subsidiary of the Siam Cement Public Company Limited
SCG International Hong Kong Limited	China	A subsidiary of the Siam Cement Public Company Limited
SCG International Middle East DMCC	The United Arab Emirates	A subsidiary of the Siam Cement Public Company Limited
SCG International Middle East Trading L.L.C	The United Arab Emirates	A subsidiary of the Siam Cement Public Company Limited
Long Son Petrochemicals Co., Ltd.	Vietnam	A subsidiary of the Siam Cement Public Company Limited
The Siam Gypsum Industry (Saraburi) Co., Ltd.	Thailand	An associate of the Siam Cement Public Company Limited
The Siam Gypsum Industry (Songkhla) Co., Ltd.	Thailand	An associate of the Siam Cement Public Company Limited
Siam Tohcello Co., Ltd.	Thailand	An associate of the Siam Cement Public Company Limited
Thai MFC Co., Ltd.	Thailand	An associate of the Siam Cement Public Company Limited
Siam Polyethylene Co., Ltd.	Thailand	An associate of the Siam Cement Public Company Limited
Siam Synthetic Latex Co., Ltd.	Thailand	An associate of the Siam Cement Public Company Limited
Siam Kubota Corporation Co., Ltd.	Thailand	An associate of the Siam Cement Public Company Limited
IT One Co., Ltd.	Thailand	An associate of the Siam Cement Public Company Limited
Green Siam Resources Corporation	Philippines	An associate of the Siam Cement Public Company Limited
Nippon Paper Industries Co., Ltd.	Japan	Common directors with Phoenix Pulp & Paper Public Company Limited
Rengo Co., Ltd.	Japan	Common directors with Thai Containers Group Co., Ltd.
Asia Cement Public Company Limited	Thailand	Common directors with The Siam Cement Public Company Limited
SCG Foundation	Thailand	Common directors with The Siam Cement Public Company Limited

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Significant transactions with related parties for the year ended 31 December and the pricing policies are summarized as follows:

	2022 (in thousand Baht)	2021	Pricing policies
<i>Parent</i>			
Revenue	5,279	6,800	Market price
Service fee	833,227	851,582	Cost plus margin method comparable
<i>Associates</i>			
Revenue	554,092	439,889	Market price
Dividends income	10,862	14,397	Upon declaration
Purchases	341,975	257,198	Market price
<i>Others</i>			
Revenue	8,167,566	6,409,186	Market price
Purchases	10,321,189	8,718,272	Market price
Service fee	3,068,514	3,006,406	Market price and contract rate

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

	2022 (in thousand Baht)	2021
<i>Trade receivables</i>		
Parent	886	159
Associates	62,563	56,613
Others	864,522	1,126,461
Total	927,971	1,183,233
<i>Other current receivables</i>		
Parent	55,336	58,441
Associates	50,089	41,177
Others	16,044	27,068
Total	121,469	126,686
<i>Other non-current receivables</i>		
Parent	116,846	163,693
Associate	113,473	120,118
Total	230,319	283,811

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	2022	2021
	<i>(in thousand Baht)</i>	
<i>Trade payables</i>		
Associate	39,019	29,511
Others	1,227,599	1,346,290
Total	1,266,618	1,375,801
<i>Other current payables</i>		
Parent	63,567	85,467
Associates	1,637	8,549
Others	118,308	39,487
Total	183,512	133,503
<i>Lease liabilities</i>		
<i>Current and non-current portion</i>		
Parent	86,505	120,409
Associates	100,728	106,831
Others	232,804	240,667
Total	420,037	467,907

The Board of Directors and key management compensation

	2022	2021
	<i>(in thousand Baht)</i>	
<i>For the years ended 31 December</i>		
Short-term employee benefits	131,992	114,077
Post-employment benefits	9,284	8,895
Total	141,276	122,972

The Board of Directors and key management compensation comprises the remuneration paid to the directors of SCG Packaging Public Company Limited under the articles of the Company and the remuneration paid to the management as staff expenses in terms of salary, bonus, special remuneration benefit, others and contribution to defined contribution plans.

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6 Cash and cash equivalents

	2022	2021
	<i>(in thousand Baht)</i>	
Cash on hand and at banks	9,176,310	3,667,833
Highly liquid short-term investments	789,623	3,642,479
Total	9,965,933	7,310,312

7 Trade receivables

	Note	2022	2021
		<i>(in thousand Baht)</i>	
<i>At 31 December</i>			
<i>Trade receivables</i>			
Related parties			
Within credit terms		872,597	1,155,089
Overdue:			
Less than 1 month		23,228	19,794
1 - 3 months		31,905	1,578
Over 3 - 12 months		241	6,772
Total	5	927,971	1,183,233
Other companies			
Within credit terms		17,054,979	18,694,131
Overdue:			
Less than 1 month		1,639,462	1,872,669
1 - 3 months		664,537	573,732
Over 3 - 12 months		163,919	87,562
Over 12 months		180,470	163,703
		19,703,367	21,391,797
Less allowance for expected credit loss		(180,262)	(161,886)
Net		19,523,105	21,229,911
Total		20,451,076	22,413,144

The normal credit term granted by the Group is 30 - 90 days.

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	2022	2021
	<i>(in thousand Baht)</i>	
<i>Allowance for expected credit loss</i>		
At 1 January	161,886	167,242
Acquisitions through business combinations	8,098	77,811
Addition	20,941	7,359
Reversal	(10,119)	(73,465)
Write-off	(273)	(18,041)
Currency translation differences	(271)	980
At 31 December	180,262	161,886

8 Inventories

	2022	2021
	<i>(in thousand Baht)</i>	
Finished goods	7,464,774	5,844,942
Work in progress	1,191,122	1,175,268
Raw materials	9,268,942	10,186,929
Spare parts, stores, supplies and others	4,130,713	3,735,590
Goods in transit	1,659,161	2,712,984
Total	23,714,712	23,655,713
<i>Less allowance for decline in value</i>	<i>(433,913)</i>	<i>(347,788)</i>
Net	23,280,799	23,307,925
Cost of inventories recognized as an expense in cost of sales	121,532,665	101,218,274
Write-down to net realizable value	739,428	785,245
Reversal of write-down	(581,656)	(704,157)
Changes in finished goods and work in progress	(1,635,686)	(2,756,032)
Raw materials and supplies used	69,016,738	56,967,278

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9 Investments in associates

Movements for the years ended 31 December in investments in associates accounted for using the equity method were as follows:

	2022	2021
	<i>(in thousand Baht)</i>	
At 1 January	873,034	822,620
Acquisitions through business combinations	7,954	-
Increase in investment	106,733	-
Share of net profit of investments - equity method	54,819	57,226
Share of other comprehensive income of investment		
- equity method	2,654	7,585
Dividend income	(10,862)	(14,397)
At 31 December	1,034,332	873,034

Investments in associates as at 31 December and dividends from these investments for the years ended at the same date were as follows:

	Total direct/ indirect		Paid-up capital		Cost method		Equity method		Dividend income	
	holding		2022	2021	2022	2021	2022	2021	2022	2021
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(%)		(in thousand Baht)							
<i>Associates</i>										
Siam Toppan										
Packaging Co., Ltd.	49	49	500,000	500,000	245,000	245,000	499,936	457,756	8,012	8,697
Siam Nippon										
Industrial Paper Co., Ltd.	31	31	1,100,000	1,100,000	495,000	495,000	341,221	337,209	-	-
Packworks Co., Ltd.	28	-	1,837	-	106,733	-	105,489	-	-	-
Saha Green Forest Co., Ltd.	17	17	190,000	190,000	47,500	47,500	79,732	78,069	2,850	5,700
ReUse SAS	45	-	3,673	-	2,909	-	7,954	-	-	-
P&S Holdings Corporation	40	40	262,588	262,588	105,121	105,121	-	-	-	-
Total			2,058,098	2,052,588	1,002,263	892,621	1,034,332	873,034	10,862	14,397

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10 Property, plant and equipment

	Land and land improvements	Buildings and structures	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles and equipment	Construction in progress	Bearer plant	Total
	(in thousand Baht)							
Cost								
At 1 January 2021	8,941,346	21,973,689	146,569,918	2,169,653	1,230,151	10,035,861	46,932	190,967,550
Acquisitions through business combinations (see note 4)	1,820,237	1,720,475	2,998,041	45,698	203,392	570,646	-	7,358,489
Additions	222,510	218,363	1,267,489	81,681	289,719	5,367,646	6,966	7,454,374
Disposals/written off	(8,406)	(74,537)	(549,643)	(29,588)	(172,561)	(16,345)	(11,822)	(862,902)
Transfer to investment property	-	(4,673)	-	-	-	-	-	(4,673)
Transfers in (out)	100,668	1,230,302	5,441,694	61,642	30,368	(6,850,226)	1,931	16,379
Currency translation differences	478,396	624,188	3,999,898	26,599	40,182	493,214	-	5,662,477
At 31 December 2021	11,554,751	25,687,807	159,727,397	2,355,685	1,621,251	9,600,796	44,007	210,591,694
Acquisitions through business combinations (see note 4)	65,066	230,938	527,324	17,952	107,872	-	-	949,152
Additions	154,920	760,293	1,974,127	161,779	335,379	4,154,618	-	7,541,116
Disposals/written off	(22,012)	(186,740)	(3,454,917)	(182,477)	(343,049)	(5,231)	-	(4,194,426)
Transfer to investment property	(5,068)	(1,820)	-	-	-	-	-	(6,888)
Transfers in (out)	203,380	2,126,820	6,138,304	49,633	33,651	(8,549,423)	842	3,207
Currency translation differences	(300,222)	(285,947)	(2,028,295)	(18,042)	(15,862)	(307,947)	-	(2,956,315)
At 31 December 2022	11,650,815	28,331,351	162,883,940	2,384,530	1,739,242	4,892,813	44,849	211,927,540

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	Land and land improvements	Buildings and structures	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles and equipment	Construction in progress	Bearer plant	Total
	(in thousand Baht)							
Accumulated depreciation and accumulated impairment losses								
At 1 January 2021	1,422,027	11,516,060	88,257,396	1,769,398	721,388	2,590	7,404	103,696,263
Depreciation								
charge for the year	202,232	1,023,873	6,241,657	162,276	286,005	-	2,197	7,918,240
Impairment losses								
(reversal)	(67)	27,226	105,086	104	-	-	-	132,349
Disposals/written off	(11,132)	(66,070)	(238,469)	(25,376)	(120,939)	(2,590)	(6,225)	(470,801)
Transfer to								
investment property	-	(4,673)	-	-	-	-	-	(4,673)
Transfers in (out)	42,277	54,491	(43,950)	3,342	46,187	-	-	102,347
Currency translation								
differences	(48,044)	46,428	2,050,515	17,129	(29,298)	-	-	2,036,730
At 31 December 2021	1,607,293	12,597,335	96,372,235	1,926,873	903,343	-	3,376	113,410,455
Depreciation								
charge for the year	240,251	1,291,034	6,848,051	176,467	306,898	-	3,242	8,865,943
Reversal of								
impairment losses	-	(10,896)	(107)	(12)	-	-	-	(11,015)
Disposals/written off	(18,370)	(145,671)	(3,326,488)	(182,141)	(280,093)	-	(29)	(3,952,792)
Transfers in (out)	1,156	44,109	10,964	8,149	26,231	-	-	90,609
Currency translation								
differences	(7,005)	(133,725)	(889,543)	(15,341)	(15,251)	-	-	(1,060,865)
At 31 December 2022	1,823,325	13,642,186	99,015,112	1,913,995	941,128	-	6,589	117,342,335
Net book value								
At 31 December 2021								
Owned assets	7,929,836	11,859,892	63,219,437	385,636	311,884	9,600,796	40,631	93,348,112
Right-of-use assets	2,017,622	1,230,580	135,725	43,176	406,024	-	-	3,833,127
	9,947,458	13,090,472	63,355,162	428,812	717,908	9,600,796	40,631	97,181,239
At 31 December 2022								
Owned assets	7,835,211	13,322,606	63,750,922	378,951	354,144	4,892,813	38,260	90,572,907
Right-of-use assets	1,992,279	1,366,559	117,906	91,584	443,970	-	-	4,012,298
	9,827,490	14,689,165	63,868,828	470,535	798,114	4,892,813	38,260	94,585,205

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In 2022, the right-of-use assets of the Group has increased amounting to Baht 969 million (2021: Baht 635 million) and the Group capitalized borrowing costs relating to the acquisition of the property, plant and equipment as part of the cost of construction in progress, amounting to Baht 32 million (2021: Baht 44 million), rates of interest capitalized at 0.70% to 2.70% per annum (2021: 0.66% to 4.90% per annum).

11 Leases

The Group leases land, buildings, vehicles and equipment both in Thailand and overseas. The rental due and rate are as specified in the contract.

<i>For the years ended 31 December</i>	2022	2021
	<i>(in thousand Baht)</i>	
<i>Amounts recognized in profit or loss</i>		
Depreciation of right-of-use assets:		
- Land and land improvements	134,149	65,417
- Buildings and structures	342,730	233,538
- Vehicles and equipment	210,909	219,472
- Others	66,015	76,868
Interest on lease liabilities	99,100	93,720
Expenses relating to short-term leases	224,956	200,090
Expenses relating to leases of low-value assets	75,432	56,641

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12 Goodwill and other intangible assets

	Goodwill	Other intangible assets			
		Customer contracts and relationship	Trademark copyright and patent	Software licenses and others	Total other intangible assets
		(in thousand Baht)			
Cost					
At 1 January 2021	18,623,670	153,597	374,341	1,336,185	1,864,123
Acquisition through business combinations (see note 4)	9,072,041	4,578,688	2,082,438	133,298	6,794,424
Additions	-	-	-	202,736	202,736
Disposals/written off	-	-	-	(17,795)	(17,795)
Transfers in (out)	-	-	-	30,792	30,792
Currency translation differences	1,787,047	276,946	65,361	17,163	359,470
At 31 December 2021	29,482,758	5,009,231	2,522,140	1,702,379	9,233,750
Acquisition through business combinations (see note 4)	(173,993)	2,376,940	1,169,304	5,081	3,551,325
Additions	-	-	-	290,963	290,963
Disposals/written off	-	-	-	(34,629)	(34,629)
Transfers in (out)	-	-	-	24,765	24,765
Currency translation differences	(1,075,526)	(224,080)	(23,026)	206	(246,900)
At 31 December 2022	28,233,239	7,162,091	3,668,418	1,988,765	12,819,274
Accumulated amortization					
At 1 January 2021	-	74,253	33,275	944,024	1,051,552
Amortization charge for the year	-	213,904	107,423	108,947	430,274
Disposals/written off	-	-	-	(11,882)	(11,882)
Currency translation differences	-	1,369	39	12,396	13,804
At 31 December 2021	-	289,526	140,737	1,053,485	1,483,748
Amortization charge for the year	-	459,886	219,669	145,783	825,338
Disposals/written off	-	-	-	(33,260)	(33,260)
Currency translation differences	-	(15,291)	(5,827)	(9,373)	(30,491)
At 31 December 2022	-	734,121	354,579	1,156,635	2,245,335
Carrying amount					
At 31 December 2021	29,482,758	4,719,705	2,381,403	648,894	7,750,002
At 31 December 2022	28,233,239	6,427,970	3,313,839	832,130	10,573,939

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Amortization expenses of other intangible assets are included in cost of sales, distribution costs and administrative expenses in the consolidated income statement.

For the purpose of impairment testing of goodwill of the Group, the recoverable amount was based on value in use, determined by discounting the future cash flows. The Group determined 5-year cash flows forecasts, terminal thereafter and discount rates from weighted average cost of capital of the Group, which were based on estimate and judgments of the management and considering historical data from both external and internal sources. The key assumptions used in the estimation of recoverable amount were discount rates, ranging from 5.38% to 7.87% (2021: 3.08% to 5.94%).

13 Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, and are included in the consolidated statements of financial position as follows:

	2022	2021
	<i>(in thousand Baht)</i>	
Deferred tax assets	852,115	920,301
Deferred tax liabilities	(5,322,691)	(4,491,388)
Net	<u>(4,470,576)</u>	<u>(3,571,087)</u>

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Movements in total deferred tax assets and liabilities during the year were as follows:

		Credited (charged) to				
	At	profit	other comprehensive	Increase through	Currency translation	At
	1 January	or loss	income	business combinations	differences	31 December
	2021	(Note 22)				2021
		(in thousand Baht)				
<i>Deferred tax assets</i>						
Loss carry forward	498,231	(91,239)	-	-	15,272	422,264
Investment	32,022	24,227	-	-	-	56,249
Trade receivables	28,352	(13,480)	-	12,034	442	27,348
Inventories	85,630	(7,151)	-	-	496	78,975
Property, plant and equipment	30,485	(11,257)	-	5,303	339	24,870
Provisions for employee benefits	723,359	57,368	(26,160)	23,665	18,146	796,378
Others	19,021	5,209	-	34,934	939	60,103
Total	1,417,100	(36,323)	(26,160)	75,936	35,634	1,466,187
<i>Deferred tax liabilities</i>						
Property, plant and equipment	2,749,977	217,341	-	334,803	236,524	3,538,645
Intangible assets	89,437	(45,090)	-	1,311,188	92,028	1,447,563
Others	9,743	23,312	-	14,503	3,508	51,066
Total	2,849,157	195,563	-	1,660,494	332,060	5,037,274
Net	(1,432,057)	(231,886)	(26,160)	(1,584,558)	(296,426)	(3,571,087)

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		Credited (charged) to				
	At	profit	other	Increase	Currency	At
	1 January	or loss	comprehensive	through	translation	31 December
	2022		income	business	differences	2022
		(Note 22)		combinations		
	(in thousand Baht)					
<i>Deferred tax assets</i>						
Loss carry forward	422,264	(13,511)	-	-	(23,098)	385,655
Investment	56,249	(25,177)	-	-	(20)	31,052
Trade receivables	27,348	2,868	-	-	(189)	30,027
Inventories	78,975	24,339	-	-	(652)	102,662
Property, plant and equipment	24,870	12,307	-	13,296	(2,132)	48,341
Provisions for employee benefits	796,378	(10,514)	(65,361)	19,673	(14,670)	725,506
Others	60,103	1,040	-	-	(453)	60,690
Total	1,466,187	(8,648)	(65,361)	32,969	(41,214)	1,383,933
<i>Deferred tax liabilities</i>						
Property, plant and equipment	3,538,645	(19,575)	-	116,183	(136,585)	3,498,668
Intangible assets	1,447,563	34,659	-	898,102	(75,165)	2,305,159
Others	51,066	590	-	-	(974)	50,682
Total	5,037,274	15,674	-	1,014,285	(212,724)	5,854,509
Net	(3,571,087)	(24,322)	(65,361)	(981,316)	171,510	(4,470,576)

The United Kingdom Government announced a change in the corporate income tax rate from 19% to 25% (for the companies with profits over GBP 250,000). The change of corporate income tax rate will be effective on 1 April 2023 onwards. The Group has applied in the measurement of deferred tax assets and deferred tax liabilities, which made income tax expense increase amounting to Baht 124 million in the consolidated income statement for the year 2022.

In 2021, The Indonesian Government, through UU No. 7/2021 dated 29 October 2021 announced a change in the corporate income tax rate from 20% to 22% for accounting periods 2022 onward. The Group has applied in the measurement of deferred tax assets and deferred tax liabilities, which made income tax expense increase amounting to Baht 194 million in the consolidated income statement for the year 2021.

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The deductible temporary differences and unused tax losses that the Group have not been recognized as deferred tax assets (liabilities) are as the following items:

	2022	2021
	<i>(in thousand Baht)</i>	
Temporary differences		
- Property, plants and equipment	72,814	117,374
- Provisions for employee benefits	117,163	198,258
- Others	185,010	87,124
Unused tax losses	204,294	766,211
Total	579,281	1,168,967

The unused tax losses which the Group has not recognized deferred tax asset, are the tax losses which have not yet expired under tax legislation, and will expire within 2029.

14 Changes in liabilities arising from financing activities

	Bank overdrafts and short-term borrowings	Long-term borrowings	Lease liabilities	Debentures	Total
	<i>(in thousand Baht)</i>				
At 1 January 2021	15,080,050	28,353,807	1,493,750	-	44,927,607
Changes from financing cash flows	12,454,078	(12,334,493)	(549,444)	5,491,264	5,061,405
Leases	-	-	512,464	-	512,464
Changes arising from business acquisition (<i>see note 4</i>)	2,041,424	1,691,971	664,049	-	4,397,444
The effect of changes in foreign exchange rates	971,897	799,581	77,145	-	1,848,623
Other non-cash movement	-	24,801	(2,889)	1,787	23,699
At 31 December 2021	30,547,449	18,535,667	2,195,075	5,493,051	56,771,242
Changes from financing cash flows	(14,047,168)	(2,580,001)	(625,861)	9,988,040	(7,264,990)
Leases	-	-	897,661	-	897,661
Changes arising from business acquisition (<i>see note 4</i>)	-	-	78,921	-	78,921
The effect of changes in foreign exchange rates	(345,141)	59,912	(37,991)	-	(323,220)
Other non-cash movement	-	5,841	-	3,512	9,353
At 31 December 2022	16,155,140	16,021,419	2,507,805	15,484,603	50,168,967

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15 Interest-bearing liabilities

	2022	2021
	<i>(in thousand Baht)</i>	
Current		
Bank overdrafts and short-term borrowings from financial institutions		
- Unsecured	16,155,140	30,547,449
Current portion of long-term borrowings from financial institution		
- Secured	-	106,361
- Unsecured	1,570,769	1,758,572
	1,570,769	1,864,933
Current portion of lease liabilities	587,166	476,647
Total	18,313,075	32,889,029
Non-current		
Long-term borrowings from financial institutions		
- Secured	-	202,090
- Unsecured	14,450,650	16,468,644
	14,450,650	16,670,734
Lease liabilities	1,920,639	1,718,428
Debenture	15,484,603	5,493,051
Total	31,855,892	23,882,213
Total interest-bearing liabilities	50,168,967	56,771,242

As at 31 December 2022, bank overdrafts and short-term borrowings from financial institutions of the Group has an average interest rate from 0.85% to 8.35% per annum (2021: 0.55% to 5.45% per annum) and long-term borrowings from financial institutions of the Group has an average interest rate from 0.75% to 9.31 % per annum (2021: 0.75% to 8.50 % per annum).

The collateral of the secured long-term borrowings from the business acquisition during 2021 in Vietnam as at 31 December 2021 consists of property, plant and equipment with a carrying amount of Baht 963 million and the Group has to comply with certain covenants. During 2022, the subsidiary has been settled all borrowings and released all collaterals.

On 24 September 2021, the Company had entered into a long-term loan agreement with a financial institution amounting to Baht 5,000 million. This long-term loan is the 4-year Sustainability-Linked Loan (or SLL) with fixed interest rate and the interest rates will be adjusted down in line with operational achievements of Sustainability Performance Targets (or SPTs) according to the agreement. As at 31 December 2021, the Group has already withdrawn all loan.

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Debenture

As at 31 December 2022, the Company has unsubordinated and unsecured debentures totaling Baht 15,500 million (2021: Baht 5,500 million) as follows:

Debentures no.	2022	2021	Interest rate	Term	Maturity date
	<i>(in thousand Baht)</i>		<i>(% p.a.)</i>		
1/2021	5,500,000	5,500,000	2.65	3 years 8 months	1 December 2024
1/2022	5,000,000	-	2.80	2 years 10 months	1 June 2025
2/2022	5,000,000	-	3.50	4 years	1 December 2026
Total	15,500,000	5,500,000			
<i>Less</i> debentures					
issuing expenses	(15,397)	(6,949)			
Net	15,484,603	5,493,051			

16 Non-current provisions for employee benefits

The Group operates defined benefit plans based on the requirement of the Thai Labor Protection Act B.E. 2541 to provide retirement benefits and other long-term benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, current risk, interest rate risk and market (investment) risk.

Non-current provisions for employee benefits in consolidated statement of financial position as at 31 December

	2022	2021
	<i>(in thousand Baht)</i>	
Post-employment benefits		
Legal severance payments plan	3,476,113	3,746,316
Pension	36,631	43,573
Other long-term employee benefits	106,855	107,690
Total non-current provisions for defined benefit plans	3,619,599	3,897,579
<i>Less</i> plan assets of foreign subsidiaries	(23,781)	(19,988)
Total non-current provisions for employee benefits - net	3,595,818	3,877,591

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Movement in the present value of non-current provisions for defined benefits plans

	2022	2021
	<i>(in thousand Baht)</i>	
Non-current provisions for defined benefit plans at 1 January	3,897,579	3,619,935
<i>Included in profit or loss</i>		
Current service costs	106,687	227,991
Interest on obligation	122,907	106,400
Actuarial losses (gains)	(1,539)	1,992
Others	(13,731)	-
	214,324	336,383
<i>Included in other comprehensive income</i>		
Actuarial gains	(272,673)	(137,031)
Currency translation differences	(64,933)	92,521
	(337,606)	(44,510)
<i>Others</i>		
Benefits paid	(251,121)	(153,674)
Acquisitions through business combinations	96,423	88,988
Others	-	50,457
	(154,698)	(14,229)
Non-current provisions for defined benefit plans at 31 December	3,619,599	3,897,579

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	2022	2021
	<i>(in thousand Baht)</i>	
<i>For the years ended 31 December</i>		
Demographic assumptions	61,550	35,557
Financial assumptions	(405,285)	(177,114)
Experience adjustment	71,062	4,526
Total	(272,673)	(137,031)

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Actuarial assumptions

Principal actuarial assumptions as of the end of the reporting period

	2022	2021
	(%)	
Discount rate *		
- Thailand	2.32 - 3.41	1.06 - 2.55
- Vietnam	5.16	2.07
- Indonesia	6.75 - 7.40	6.60 - 7.40
- Philippines	7.30	4.00
Salary increase rate	1.00 - 7.00	1.00 - 7.46
Employee turnover rate **	2.00 - 17.00	2.00 - 18.00
Mortality rate ***	50.00, 100.00 of TMO2017	50.00, 100.00 of TMO2017

* Market yields on government's bonds for legal severance payments plan and pension

** Upon the length of service

*** Reference from TMO2017: Thai Mortality Ordinary Table 2017

As at 31 December 2022, the Group has the weighted-average duration for payment of long-term employee benefits approximately 11 to 21 years. (2021: 12 to 22 years).

Sensitivity analysis

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provisions for defined benefit plans by the amounts shown below.

Effect on the non-current provisions for defined benefit plans at 31 December

	Increase (decrease)	
	2022	2021
	(in thousand Baht)	
Discount rate		
0.50% increase	(120,365)	(137,602)
0.50% decrease	130,067	149,580
Salary increase rate		
1.00% increase	257,017	287,344
1.00% decrease	(224,882)	(249,176)
Employee turnover rate		
10.00% increase	(53,548)	(65,603)
10.00% decrease	55,303	68,226

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

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17 Legal Reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

18 Business segment information

Segment information is presented in respect of the Group’s business segments, is based on the Group’s management and internal reporting structure.

Segment assets, revenues and results of operations include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Group comprises the following main business segments:

<i>Integrated Packaging Business</i>	Comprise of Packaging Paper, Performance and Polymer Packaging (PPP), both flexible packaging and rigid packaging in the industries of consumer, food and beverage, and medical supplies and labware, and Fiber-Based Packaging, such as corrugated containers, retail display packaging, recycled paper bags for consumer products, and industrial bags
<i>Fibrous Business</i>	Comprise of foodservice products, printing and writing paper, and pulp products
<i>Recycling Business and Others</i>	Comprise of packaging materials recycling and holding companies

The business segment information is used by management to evaluate the performance of segments and to allocate resources. The Group evaluates operating performance based on EBITDA.

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Information relating to business segments for years ended 31 December was as follows:

	Integrated Packaging Business		Fibrous Business		Recycling Business and Others		Intersegment Elimination		Consolidated SCGP	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<i>(in thousand Baht)</i>										
Information from statement of financial position										
Current assets	44,099,250	47,856,212	10,099,245	9,312,989	47,773,773	56,478,895	(41,817,835)	(44,461,866)	60,154,433	69,186,230
Investments in associates	105,488	-	420,953	415,278	507,891	457,756	-	-	1,034,332	873,034
Investments in equity instrument	817,741	813,757	-	-	48,217,163	40,577,172	(49,023,121)	(41,383,130)	11,783	7,799
Property, plant and equipment	76,904,863	79,031,095	17,516,508	18,363,871	691,163	344,752	(527,329)	(558,479)	94,585,205	97,181,239
Others non-current assets	32,418,082	32,903,865	5,789,595	6,308,368	3,551,855	626,436	(265,639)	(263,230)	41,493,893	39,575,439
Total assets	154,345,424	160,604,929	33,826,301	34,400,506	100,741,845	98,485,011	(91,633,924)	(86,666,705)	197,279,646	206,823,741
Short-term borrowings	54,664,678	57,925,539	925,896	1,939,983	3,242,917	16,551,186	(40,520,416)	(43,527,679)	18,313,075	32,889,029
Other current liabilities	11,974,401	17,326,102	2,773,305	2,449,183	1,693,114	249,204	(1,275,236)	(936,939)	15,165,584	19,087,550
Long-term borrowings	5,768,905	7,733,271	1,328,069	1,398,288	25,590,925	15,594,539	(832,007)	(843,885)	31,855,892	23,882,213
Other non-current liabilities	6,948,190	7,053,880	1,091,346	1,074,915	938,819	536,210	-	-	8,978,355	8,665,005
Total liabilities	79,356,174	90,038,792	6,118,616	6,862,369	31,465,775	32,931,139	(42,627,659)	(45,308,503)	74,312,906	84,523,797
Shareholders' equity	74,989,250	70,566,137	27,707,685	27,538,137	69,276,070	65,553,872	(49,006,265)	(41,358,202)	122,966,740	122,299,944
Total liabilities and shareholders' equity	154,345,424	160,604,929	33,826,301	34,400,506	100,741,845	98,485,011	(91,633,924)	(86,666,705)	197,279,646	206,823,741
Supplementary information										
Increase in non-current assets	7,489,651	24,407,443	1,210,165	6,257,252	3,457,848	217,369	-	-	12,157,664	30,882,064

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	Integrated Packaging Business		Fibrous Business		Recycling Business and Others		Intersegment Elimination		Consolidated SCGP	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(in thousand Baht)									
Information from income statement										
Revenue from sales										
External customers	117,218,982	105,562,451	24,272,565	18,660,206	4,576,496	-	-	-	146,068,043	124,222,657
Intersegment	304,908	271,420	2,655,193	1,996,047	237,526	-	(3,197,627)	(2,267,467)	-	-
Total revenue from sales	117,523,890	105,833,871	26,927,758	20,656,253	4,814,022	-	(3,197,627)	(2,267,467)	146,068,043	124,222,657
Cost of sales	(98,864,978)	(86,723,725)	(22,670,715)	(17,153,141)	(3,622,314)	-	3,366,851	2,532,346	(121,791,156)	(101,344,520)
Gross profit	18,658,912	19,110,146	4,257,043	3,503,112	1,191,708	-	169,224	264,879	24,276,887	22,878,137
Other income	1,286,740	877,414	251,055	1,513,034	6,715,299	7,025,773	(6,788,561)	(6,884,777)	1,464,533	2,531,444
Profit before expenses	19,945,652	19,987,560	4,508,098	5,016,146	7,907,007	7,025,773	(6,619,337)	(6,619,898)	25,741,420	25,409,581
Operating expenses	(12,646,889)	(10,129,198)	(2,562,856)	(2,537,634)	(3,702,854)	(2,210,413)	2,873,770	2,302,725	(16,038,829)	(12,574,520)
Profit before finance cost and income tax	7,298,763	9,858,362	1,945,242	2,478,512	4,204,153	4,815,360	(3,745,567)	(4,317,173)	9,702,591	12,835,061
Finance cost	(1,623,346)	(1,347,370)	(197,098)	(158,461)	(540,294)	(490,091)	892,615	816,004	(1,468,123)	(1,179,918)
Profit before income tax	5,675,417	8,510,992	1,748,144	2,320,051	3,663,859	4,325,269	(2,852,952)	(3,501,169)	8,234,468	11,655,143
Tax expense	(1,008,496)	(1,761,216)	(503,466)	(264,823)	(38,269)	(36,149)	314	(3,237)	(1,549,917)	(2,065,425)
Profit after income tax	4,666,921	6,749,776	1,244,678	2,055,228	3,625,590	4,289,120	(2,852,638)	(3,504,406)	6,684,551	9,589,718
Share of profit (loss) of associates accounted for using equity method	(1,245)	-	8,111	27,598	47,953	29,628	-	-	54,819	57,226
Profit for the year	4,665,676	6,749,776	1,252,789	2,082,826	3,673,543	4,318,748	(2,852,638)	(3,504,406)	6,739,370	9,646,944

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	Integrated Packaging Business		Fibrous Business		Recycling Business and Others		Intersegment Elimination		Consolidated SCGP	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	<i>(in thousand Baht)</i>									
Profit (loss) attributable to:										
Owners of the Company	4,505,033	5,912,511	1,244,910	2,083,846	3,674,728	4,318,748	(3,624,066)	(4,020,738)	5,800,605	8,294,367
Non-controlling interests	160,643	837,265	7,879	(1,020)	(1,185)	-	771,428	516,332	938,765	1,352,577
	<u>4,665,676</u>	<u>6,749,776</u>	<u>1,252,789</u>	<u>2,082,826</u>	<u>3,673,543</u>	<u>4,318,748</u>	<u>(2,852,638)</u>	<u>(3,504,406)</u>	<u>6,739,370</u>	<u>9,646,944</u>
Interest income	<u>176,301</u>	<u>168,361</u>	<u>7,329</u>	<u>2,606</u>	<u>868,849</u>	<u>805,762</u>	<u>(855,392)</u>	<u>(780,004)</u>	<u>197,087</u>	<u>196,725</u>
Depreciation and amortization	<u>7,429,917</u>	<u>6,219,685</u>	<u>2,121,081</u>	<u>2,047,351</u>	<u>181,136</u>	<u>82,088</u>	<u>(32,989)</u>	<u>(33,892)</u>	<u>9,699,145</u>	<u>8,315,232</u>
Other non-monetary items:										
- Loss on inventories devaluation (reversal)	207,123	70,400	(37,548)	19,420	-	-	-	-	169,575	89,820
- Loss on impairment of assets (reversal)	10,265	31,400	(17,952)	100,949	-	-	-	-	(7,687)	132,349

Revenue from sales of Integrated Packaging Business's proportion is 80% of the total revenue from sales including Packaging Paper 43%, Fiber-Based Packaging 25%, and Performance and Polymer Packaging 12%.

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Geographical segment

The Group has expanded its investment and operating in foreign countries. All significant revenue from sales and non-current assets on the basis of geography is presented in this information. Segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

Geographical segment information

	Revenue from sales		Non-current assets	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Thailand	59,428,510	54,131,757	52,756,830	53,290,362
Indonesia	25,186,380	24,251,480	41,497,373	43,803,741
Vietnam	21,649,533	16,737,871	20,914,415	21,997,797
China	9,499,418	10,654,125	-	-
Philippines	4,673,716	4,261,843	5,594,798	5,692,963
Netherlands	2,753,114	64,326	3,016,651	-
United Kingdom	1,872,372	1,634,860	4,686,854	5,266,897
Spain	1,668,540	228,110	3,801,295	3,201,846
Others	19,336,460	12,258,285	1,265,859	1,298,623
Total	146,068,043	124,222,657	133,534,075	134,552,229

Major customer

The Group has no revenue from one customer for the amount over 10% of the Group's total revenue from sales.

19 Distribution costs

	2022	2021
	<i>(in thousand Baht)</i>	
Freight and commission expenses	6,887,902	5,068,222
Salary, welfare and employee expenses	1,581,322	1,084,763
Sales promotion and advertising expenses	267,055	160,445
Rent, depreciation and amortization expenses	190,216	108,746
Custom, insurance expense and intellectual properties fees	76,240	135,991
Others	347,805	261,507
Total	9,350,540	6,819,674

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20 Administrative expenses

	2022	2021
	<i>(in thousand Baht)</i>	
Salary, welfare and employee expenses	3,177,046	2,882,603
Rent, depreciation and amortization expenses	1,111,114	760,736
Professional and consultant fees	704,289	757,172
Loss on contingent consideration adjustment	387,313	-
IT fees	377,723	346,025
Service expenses	294,317	315,749
Others	636,487	692,561
Total	6,688,289	5,754,846

21 Employee benefit expenses

	2022	2021
	<i>(in thousand Baht)</i>	
Salaries and wages	11,267,851	9,703,495
Welfares and others	1,584,042	1,135,638
Contribution to defined contribution plans	465,199	446,841
Contribution to defined benefit plans	214,324	336,383
Early retirement expenses	10,908	64,592
Total	13,542,324	11,686,949

The Group has provident fund plans to provide retirement and gratuity benefits to employees upon resignation at 5% to 10% of the employee's salaries, depending on the length of employment.

The defined contribution plans comprise provident funds established by the Group for its employees in addition to the above provident fund. The provident funds were registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at 2% to 15% of their basic salaries and by the Company at 5% to 13% of the members' basic salaries, depending on the length of employment.

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22 Income tax

	<i>Note</i>	2022 <i>(in thousand Baht)</i>	2021
<i>Income tax recognized in profit or loss</i>			
Current tax			
Current tax		1,551,152	1,814,026
Under (over) provided in prior years		(25,557)	19,513
		1,525,595	1,833,539
Deferred tax			
Movements in temporary differences	13	(99,183)	38,340
Change in corporate income tax rate	13	123,505	193,546
		24,322	231,886
Total		1,549,917	2,065,425
<i>Income tax recognized in other comprehensive income</i>			
Gains on remeasurement of defined benefit plan		62,385	25,725
Total		62,385	25,725
<i>Reconciliation of effective tax rate</i>			
		2022	2021
	<i>Rate</i>	<i>(in thousand</i>	<i>Rate</i>
	<i>(%)</i>	<i>Baht)</i>	<i>(in thousand</i>
		<i>(%)</i>	<i>Baht)</i>
Profit before income tax expense		8,289,287	11,712,369
Share of profit of associates accounted for using equity method		(54,819)	(57,226)
		8,234,468	11,655,143
Income tax using the Thai corporation tax rate	20	1,646,894	2,331,029
Effect of different tax rates in foreign jurisdictions		19,980	17,759
Income not subject to tax		(18,120)	(205,609)
Tax privileges		(221,125)	(297,995)
Expenses deductible at a greater amount		(34,934)	(51,006)
Expenses not deductible for tax purposes and others		235,130	180,999
Tax losses		(76,673)	(161,151)
Current tax		1,551,152	1,814,026
Under (over) provided in prior years		(25,557)	19,513
Movement in temporary differences		24,322	231,886
Income tax expense	19	1,549,917	18 2,065,425

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23 Promotional privileges

By virtue of the provisions of the Investment Promotion Act of B.E. 2520, the Group was granted the following privileges.

	Exemption from corporate income tax for 8 years from	50% Deduction of normal corporate income tax for 5 years from
Vexcel Pack Co., Ltd.		
Manufacture of plastic containers	18 July 2013	18 July 2021
Manufacture of plastic containers	4 July 2014	4 July 2022
Manufacture of plastic containers	29 August 2015	29 August 2023
Manufacture of plastics sheet and plastics product	6 July 2018	6 July 2026
SCG Paper Energy Co., Ltd.		Exemption from corporate income tax for 8 years from
Power management		1 November 2017
Electricity production		19 October 2018
Electricity production		4 June 2019
Electricity production		17 March 2020
Electricity production		17 June 2020
Electricity production		22 December 2020
Electricity production		24 February 2021
Electricity production		12 March 2021
Electricity production		19 January 2022
Electricity production		27 July 2022
Electricity production		29 July 2022
Electricity production		25 October 2022
Electricity production		27 October 2022
Thai Containers Group Co., Ltd.		
Manufacture of corrugated paper		9 June 2017
Precision Print Co., Ltd.		
Manufacture of printing		10 August 2015
Thai Paper Co., Ltd.		Exemption from corporate income tax for 5 years from
Manufacture of hygienic food packaging		23 August 2022

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Vina Kraft Paper Co., Ltd. obtained privileges from a government agency in Vietnam for expanding capacity project No.2 to pay income tax at a reduced rate of 10% of taxable profits for the first 6 years starting from the first year of operation, and exemption from corporate income tax for 2 years from the year that profit is first reported.

Alcamax Packaging (Vietnam) Co., Ltd. obtained privileges from a government agency in Vietnam to pay income tax at a reduced rate of 15% of taxable profits until 2027.

AP Packaging (Hanoi) Co., Ltd. obtained privileges from a government agency in Vietnam to pay income tax at a reduced rate of 10% of taxable profits until 2052.

Tin Thanh Packing Joint Stock Company obtained privileges from a government agency in Vietnam by exemption from income tax for investment of new plant expansion of taxable profits in 2020 to 2021 and pay income tax at a reduced rate of 10% of taxable profits in 2022 to 2025.

Go-Pak Vietnam Ltd. obtained privileges from a government agency in Vietnam to pay income tax for expansion investments in 2015 to 2017 at a reduced rate of 10% of the incomes corresponding to increased assets until 2022.

Duy Tan Long An Co., Ltd. obtained privileges from a government agency in Vietnam to pay income tax at a reduced rate of 17% of taxable profits until 2029, and exemption from corporate income tax for 2 years from the year that profit is first reported in 2020 and 50% deduction of the said corporate income tax for 4 years thereafter.

Duy Tan Binh Duong Plastics Co., Ltd. obtained privileges from a government agency in Vietnam to pay income tax at a reduced rate of 10% of taxable profits until 2024.

Duy Tan Precision Mold Co., Ltd. obtained privileges from a government agency in Vietnam to pay income tax at a reduced rate of 10% of taxable profits for the first 15 years starting from the first year of operation until 2034, and exemption from corporate income tax for 4 years from the year that profit is first reported in 2020 and 50% deduction of the said corporate income tax for 9 years thereafter.

United Pulp and Paper Company, Inc. obtained privileges from a government agency in Philippines by exempting from corporate income tax for expanding capacity project No.3 from 2022 to 2028.

As promoted companies, the Group must comply with certain conditions and restrictions provided for in the promotional certificates.

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24 Dividends

The dividends paid by the Company to shareholders were as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
2022				
Annual dividend 2021	29 March 2022	25 April 2022	0.40	1,717
Interim dividend 2022	26 July 2022	24 August 2022	0.25	1,073
Total			0.65	2,790
2021				
Annual dividend 2020	30 March 2021	22 April 2021	0.45	1,931
Interim dividend 2021	27 July 2021	25 August 2021	0.25	1,073
Total			0.70	3,004

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25 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. It does not include fair value information for financial assets and financial liabilities measured at amortized cost if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3	Total
<i>(in thousand Baht)</i>								
Balance at 31 December 2022								
Financial assets								
Cash and cash equivalents	-	-	9,965,933	9,965,933				
Investments in short-term debt instruments								
- Deposit with financial institutions	-	-	2,378,495	2,378,495				
Trade receivables	-	-	20,451,076	20,451,076				
Derivatives assets	294,901	-	-	294,901	-	294,901	-	294,901
Investments in debt instruments								
- Deposit with financial institutions	-	-	2,310	2,310				
- Investments in convertible loan and debenture	110,233	-	-	110,233	-	-	110,233	110,233
Investments in equity instruments	1,668	11,783	-	13,451	1,668	-	11,783	13,451
Total financial assets	406,802	11,783	32,797,814	33,216,399				
Financial liabilities								
Bank overdrafts and short-term borrowings	-	-	16,155,140	16,155,140				
Trade payables	-	-	10,798,183	10,798,183				
Derivatives liabilities	40,921	-	-	40,921	-	40,921	-	40,921
Long-term borrowings	-	-	16,021,419	16,021,419				
Lease liabilities	-	-	2,507,805	2,507,805				
Debentures	-	-	15,484,603	15,484,603	-	15,681,197	-	15,681,197
Total financial liabilities	40,921	-	60,967,150	61,008,071				

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	Carrying amount			Fair value			
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Total	Level 2	Level 3	Total
	(in thousand Baht)						
Balance at 31 December 2021							
Financial assets							
Cash and cash equivalents	-	-	7,310,312	7,310,312			
Investments in short-term debt instruments							
- Deposit with financial institutions	-	-	805,239	805,239			
- Fund	12,106,320	-	-	12,106,320	12,106,320	-	12,106,320
Trade receivables	-	-	22,413,144	22,413,144			
Derivatives assets	52,532	-	-	52,532	52,532	-	52,532
Investments in debt instruments							
- Deposit with financial institutions	-	-	19,886	19,886			
- Investments in convertible loan and debenture	38,358	-	-	38,358	-	38,358	38,358
Investments in equity instruments	-	7,799	-	7,799	-	7,799	7,799
Total financial assets	12,197,210	7,799	30,548,581	42,753,590			
Financial liabilities							
Bank overdrafts and short-term borrowings	-	-	30,547,449	30,547,449			
Trade payables	-	-	11,645,038	11,645,038			
Derivatives liabilities	137,291	-	-	137,291	137,291	-	137,291
Contingent considerations	2,965,986	-	-	2,965,986	-	2,965,986	2,965,986
Long-term borrowings	-	-	18,535,667	18,535,667			
Lease liabilities	-	-	2,195,075	2,195,075			
Debenture	-	-	5,493,051	5,493,051	5,538,286	-	5,538,286
Total financial liabilities	3,103,277	-	68,416,280	71,519,557			

On 1 February 2021, the Company invested in a mutual fund with an asset management company amounting to Baht 12,000 million which is measured at FVTPL with an average rate of return of approximately 1% per year and holding period of approximately 1 year. Later in the first quarter of 2022, the Company got the proceed from selling back its maturity investment in a mutual fund in the amounting to Baht 12,122 million and primarily used for repayment of short-term borrowing from financial institutions.

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Financial instruments measured at fair value

The Group determined Level 2 fair values for financial assets and financial liabilities using valuation techniques as follows:

- Investment in debt instruments which are simple over-the-counter securities were based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar financial instrument at the measurement date. Fair values reflect the credit risk of the financial instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.
- Derivatives assets and liabilities such as forward exchange contracts were calculated using the rates initially quoted by the Group's bankers which were based on market conditions existing at the end of the reporting period to reflect current fair values of the contracts. The fair value of interest rate swap is calculated from the difference between the present value of future cash flows based on the yield curve of the contractual interest rate and the expected interest rate based on observable market for similar financial instruments.

The Group determined Level 3 fair values for financial assets and financial liabilities using valuation techniques as follows:

- Investments in equity instruments and investments in convertible loan which are not actively traded in market were calculated using valuation techniques such as the latest reporting net assets adjusted by relevant factors. This was because the equity instruments were not listed on any stock exchanges and there were no recent observable arm's length transactions in the instruments.
- Contingent consideration using the discounted cash flow technique: significant unobservable inputs such as expected cash flows and risk-adjusted discount rate.

Financial instruments measured at amortized cost

The Group determined Level 2 fair values for debentures based on quoted selling price from the Thai Bond Market Association at the closing price on the end of the reporting period.

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(b) Financial risk management policies

Risk management framework

The Group's management has responsibility for the establishment of financial risk management policies and guidelines including foreign currency risk related to capital expenditure, investment, borrowing, deposit and international trade transaction. This also includes establishing policies and overseeing the process of financial derivatives and cash management for efficiency of the Group's financial operation under risk appetite and consistent practice. The policies are appropriately reviewed to the changing situation. The Group's management monitors financial status and reports regularly to Management Committee.

(1) Credit risk

Credit risk is the risk of Group's financial loss if a customer or a financial counterparty fails to meet its contractual obligations.

(1.1) Cash and cash equivalent and derivatives

The Group's credit risk arising from cash and cash equivalents and derivatives is limited because the counterparties are banks and financial institutions which the Group considers having low credit risk.

(1.2) Investment in debt instruments

The Group's credit risk is limited by investing only in high liquidity and credibility debt instruments.

(1.3) Trade receivables

The Group's credit risk is influenced mainly by the individual characteristics of each customer. However, management 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.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before credit limit, credit term and trade terms are offered. In case of sales exceeding the limits, it must be approval by authorized person.

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The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The provision rates of expected credit loss are based on days past due to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Information relevant to trade receivables are disclosed in note 7.

(2) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management for the Group's operations including payment of liabilities that are due and to mitigate the risk from the lack of future liquidity.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

		Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>(in million Baht)</i>						
Year 2022						
Bank overdraft and short-term borrowings	Cost of fund plus (0.65 - 1.50) LIBOR plus (1.00 - 1.50) BOE plus 1.80 0.85 - 1.85, 4.30 - 8.35		16,155	-	-	16,155
Long-term borrowings	Cost of fund plus (0.65, 1.75) LIBOR plus (1.25 - 1.75) VNIBOR plus 0.50 JIBOR plus (1.15 - 1.30) EURIBOR plus 0.75 0.75 - 4.73, 7.67 - 9.31		1,571	14,140	311	16,022
Lease liabilities	2.02 - 12.12		672	1,415	1,005	3,092
Debentures	2.65, 2.80, 3.50		-	15,485	-	15,485
Total			18,398	31,040	1,316	50,754
<i>Less</i> Deferred interest - lease liabilities						(585)
Net						50,169

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	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
					(in million Baht)
Year 2021					
Bank overdraft and short-term borrowings	MMR plus 0.55 Cost of fund plus (0.65 - 1.50, 2.50) LIBOR plus (0.75 - 1.25) JIBOR plus 1.50 0.58 - 2.77, 4.20 - 4.70	30,547	-	-	30,547
Long-term borrowings	Cost of fund plus (0.60, 0.65, 1.75) LIBOR plus (1.25 - 1.75) VNIBOR plus 0.50 JIBOR plus (1.15 - 1.30) EURIBOR plus 0.75 0.75 - 1.75, 2.25, 4.31 - 8.50	1,865	15,034	1,637	18,536
Lease liabilities	2.05 - 12.12	553	1,624	653	2,830
Debentures	2.65	-	5,493	-	5,493
Total		32,965	22,151	2,290	57,406
<i>Less</i> Deferred interest - lease liabilities					(635)
Net					56,771

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(3) Market risk

The Group has the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

(3.1) Interest rate benchmark reform (IBOR reform)

The Group's main IBOR exposure at 31 December 2022 was indexed to LIBOR. The Group estimated that the interest rate benchmark reform will have no material impact on the Group's consolidated financial statements. All financial transactions affected by interest rate reform are expected to be completely processed by 30 June 2023.

The following table shows the total amounts of financial instruments that have yet to transition to an alternative benchmark rates. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

Key reference rate under the existing contracts

LIBOR
(in million Baht)

At 31 December 2022

Long-term borrowings from financial institutions	3,553
Interest rate exchanges contracts	1,776

(3.2) Foreign currency risk

Foreign exchange risk arises from the fluctuation of foreign exchange rate.

The Group has foreign exchange risk arisen from the fluctuation of foreign exchange rate from purchases, sales, payment of machines and equipment and other receipt and payment which are denominated in foreign currencies. The Group manage that risk by entering forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the end of the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

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At 31 December, the Group has significant foreign currency risk from foreign currency assets and liabilities are as follows:

	2022	2021
	U.S. Dollar	
	<i>(in thousand Baht)</i>	
Trade and other receivables	3,970,273	3,284,103
Interest-bearing liabilities	(4,190,984)	(5,995,707)
Trade and other payables	(2,254,362)	(3,254,835)
Net statement of financial position exposure	(2,475,073)	(5,966,439)
Forward exchange selling contracts	(1,985,285)	(1,911,401)
Forward exchange purchase contracts	3,498,508	4,135,782
Net exposure	(961,850)	(3,742,058)

A subsidiary has entered into cross currency swap contracts with a foreign bank to hedge against the risk arisen from payment on long-term borrowings of U.S. Dollar 51 million or equivalent to approximately Baht 1,776 million, whereby exchanging currency from U.S. Dollar to functional currency. These contracts will be due within January 2027.

Sensitivity analysis

A reasonably possible strengthening and weakening of functional currency against foreign currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

<i>Impact to profit or loss</i>	<i>Movement</i>	<i>Strengthening</i>	<i>Weakening</i>
	<i>(%)</i>	<i>(in thousand Baht)</i>	
2022			
U.S. Dollar	1	9,619	(9,619)
2021			
U.S. Dollar	1	37,236	(37,236)

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(3.3) Interest rate risk

Interest rate risk is the risk caused from future movements in market interest rates that will affect the results of the Group's operations and its cash flows certainty. The Group is exposed to interest rate risk which mainly came from its borrowings from financial institution. The Group mitigates this risk by entering into interest rate swap contracts in order to manage exposure to fluctuations in interest rates on specific borrowings.

<i>Exposure to interest rate risk at 31 December</i>	2022	2021
	<i>(in thousand Baht)</i>	
<i>Financial instruments with variable interest rates</i>		
Financial assets	2,310	2,312
Financial liabilities	(19,859,272)	(37,314,551)
Net statement of financial position exposure	(19,856,962)	(37,312,239)
Interest rate swap contracts	1,776,491	2,109,739
Net exposure	(18,080,471)	(35,202,500)

A subsidiary has entered into interest rate swap contracts with a foreign bank to hedge against the risk of interest on long-term borrowings of U.S. Dollar 51 million or equivalent to approximately Baht 1,776 million, whereby exchanging floating interest rates based on LIBOR with fixed interest rates at 0.27% per year. These contracts will be due within January 2027.

Cash flow sensitivity analysis for variable-rate financial instruments

A reasonable possible change of 1% in interest rates at 31 December would have affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	1% increase in interest rate	1% decrease in interest rate
	<i>(in thousand Baht)</i>	
2022		
Financial instruments		
with variable interest rate	(198,570)	198,570
Interest rate swaps contracts	17,765	(17,765)
Cash flow sensitivity (net)	(180,805)	180,805
2021		
Financial instruments		
with variable interest rate	(373,122)	373,122
Interest rate swaps contracts	21,097	(21,097)
Cash flow sensitivity (net)	(352,025)	352,025

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26 Commitments and contingent liabilities

As at 31 December, the Group had:

- (a) The purchase and installation of land, machinery and equipment of Baht 3,156 million (2021: Baht 2,766 million).
- (b) The purchase of inventories, raw materials and others of Baht 6,050 million (2021: Baht 3,963 million).
- (c) Contingent liability for letter of guarantees issued by local banks for the Group to government organizations of Baht 90 million (2021: Baht 68 million).
- (d) Contingent liability for borrowings guarantees issued by a local bank for the Group to associate which limit is not exceed Baht 66 million (2021: Baht 132 million).
- (e) A subsidiary has entered into agreements with foreign company for the delivery and loading of Woodchips to Vessel. The subsidiary is committed to sell and deliver the Woodchips in volume equivalent to approximately 48,000 BDMT per year. The agreement period is for 12 years with the expiration date in December 2034.
- (f) A subsidiary has entered into agreements with local company for provide Biofuel to delivery point. The subsidiary is committed to sell and deliver the Biofuel in volume equivalent to approximately 73,000 tons per year. The agreement period is for 25 years with the expiration date in August 2037.

27 Capital management

The management of the Group has a capital management policy with the objective to maintain a strong capital base by emphasizing on planning and determining operating strategies that will ensure a sustainable business performance and cash flow management. In addition, the Group also considers to have a strong financial foundation. Therefore, the Group have considered in investing in projects that have good rate of return, maintaining appropriate working capital, as well as having a sufficient cash reserves and an appropriate investment structure to have a firm operating business in the future and maintain the confidence of shareholders, investors, creditors, and other stakeholders.

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28 Events after the reporting period

On 24 January 2023, at the Board of Directors' Meeting of the Company, the directors proposed for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2022 at the rate of Baht 0.60 per share, totaling approximately Baht 2,576 million. An interim dividend of Baht 0.25 per share was paid on 24 August 2022, as disclosed in note 24. The final dividend will be at the rate of Baht 0.35 per share, payable to shareholders entitled to receive dividends totaling approximately Baht 1,503 million and is scheduled for payment on 24 April 2023. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 28 March 2023.

29 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

The Federation of Accounting Professions has issued and revised TFRSs which are effective for annual accounting periods beginning on or after 1 January 2023 and have not been adopted in the preparation of these consolidated financial statements because they are not yet effective. The Group has assessed the potential initial impact on the consolidated financial statements of these issued and revised TFRSs and expected that there will be no material impact on the consolidated financial statements in the year of initial application.