**NOVA ORGANIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024** *“UNAUDITED”*

1. **GENERAL INFORMATION**

Nova Organic Public Company Limited (“the Company”) is incorporated in Thailand.

Its registered head office is at 190/4 Moo 8, Nai Khlong Bang Pla Kot, Phra Samut Chedi, Samut Prakan.

The Company has 6 branches in Bangkok and upcountry (Year 2023: 9 branches).

The Company was listed on the Stock Exchange of Thailand on December 24, 2021.

The principal activities of the Company and its subsidiaries (“the Group”) involve production and distribution of food supplements and health beverages.

These interim financial statements have been approved for issue by the Company’s Board of Directors on November 14, 2024.

1. **BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS**

The interim financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) No. 34 “Interim Financial Reporting”, including the guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The Company chooses to present the condensed interim financial statements, and presents the statement of financial position, comprehensive income, changes in shareholders’ equity and cash flows in the same format as the annual financial statements.

The interim financial statements do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are presented in Thai Baht, which is the Company’s functional currency. The preparation of these official statutory financial statements is issued for Thai reporting purposes. The financial statements in English language have been translated from the financial statements in Thai language.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

**BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated interim financial statements have been prepared by including the accounts of Nova Organic Public Company Limited and its subsidiaries (together referred to as the “Group”) as follows:



The preparations of the consolidated financial statements have been based on the same accounting policies for the same or similar accounting transactions or accounting events on the same as that applied for the consolidated financial statements for the year ended 31 December 2023.

**Associated companies**

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

Investments in associated companies are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, they are recognized share of the profit or loss and other comprehensive income until the date on which significant influence of the Group ceases. When share of losses that are allocated from the associated companies exceeds its interest in the investment in associated companies, the investment is reduced to zero. It does not continue to recognize further losses unless the Group has incurred obligations or made payments on behalf of associated companies.

Elimination of items in the consolidated financial statements

Intra-group balances and transactions, including unrealized income or expenses resulting from intra-group transactions are eliminated in the preparation of the consolidated financial statements.

**New financial reporting standards**

1. **New financial reporting standards that became effective in the current period**

During the period, the Group has adopted the revised financial reporting standards, including the accounting guidances which are effective for fiscal years beginning on or after January 1, 2024. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the clarification of accounting practices and accounting guidances to users of TFRSs.

The management assessed the financial statements of the Group do not have any significant impacts from the mentioned TFRSs in the period that it is adopted.

1. **Financial reporting standard that will become effective in the future**

The Federation of Accounting Professions promulgated the numbers of revised financial reporting standards, which are effective for fiscal years beginning on or after January 1, 2025. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the clarification of accounting practices and accounting guidances to users of TFRSs.

The management of the Group believes that the revision of TFRSs does not have any significant impact on the Group’s financial statements.

1. **SIGNIFICANT ACCOUNTING POLICIES**

**The measurement bases used in preparing the financial statements**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended December 31, 2023.

**Investments in associated company**

Investments in associated company in the separate financial statements are accounted for using the cost method net of allowance for impairment (if any).

Investments in associated company in the consolidated financial statements are accounted for using the equity method.

Impairment losses (if any), are recognized in profit or loss.

1. **TRANSACTIONS WITH RELATED PARTIES**

A related party is a person or entity that has control, or are controlled by, the Company and subsidiaries, whether directly or indirectly, or which are under common control with the Company and subsidiaries.

They also include associated companies, and a person which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, or officers with authority in the planning and direction of the Company’s operations, including, close family members of mentioned person and entity that has control or significant influence whether directly or indirectly.

Significant transactions with related parties for the nine-month periods ended September 30, 2024 and 2023 were as follows:



**Management and director personnel compensation**

Management and director personnel compensation for the nine-month periods ended September 30, 2024 and 2023 consisted of:

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Directors’ remuneration represents benefits paid to the director of the Group in accordance with Section 90 of the Public Limited Companies Act B.E.2535, exclusive of salaries and related benefits payable to directors who hold executive positions.

The significant balances of assets and liabilities with related parties as at September 30, 2024 and December 31, 2023 were as follows:





**Short-term loan to related party**

Short-term loan to related party as at September 30, 2024 consisted of:



Movements of short-term loan to related party for the nine-month period ended September 30, 2024 consisted of:

The Company entered into a loan agreement to related party in the amount of Baht 12 million with the repayment term within 1 year since the drawn down date or at call.

**Collateral**

Shareholder of the debtor pledged their 6,666 ordinary shares as collateral at par value of Baht 100 each, totaling of Baht 0.67 million, representing 67% shareholding of issued and paid-up share capital, and also fully guaranteed for such loan.

**Significant agreements**

The Company entered into 2 building rental agreements with related person for a rental period of 3 years, one starting from October 1, 2023 to September 30, 2026 with a monthly rental of Baht 30,000 and another starting from March 5, 2024 to March 4, 2027 with a monthly rental of Baht 30,000.

The Company entered into a building rental agreement with Nova Organic Holding Co., Ltd. for a rental period of 3 years, starting from January 1, 2022 to December 31, 2024 with a monthly rental of Baht 0.25 million.

The Company entered into 2 warehouse and office rental agreements with Mei Hong Holdings (Thailand) Co., Ltd., starting from August 1, 2024 onwards with a total monthly rental of Baht 3,500.

The Company entered into an area rental and storage service agreements with Cosmic Concord Corp., Ltd. for a rental period of 1 year, starting from June 1, 2024 to May 31, 2025 with a monthly rental and service of Baht 400 per pallet.

The Company entered into an area rental agreement with Alpha Organic Co., Ltd. for a rental period of 1 year, starting from July 1, 2024 to June 30, 2025 with a monthly rental of Baht 450 - 750 per cubic meter.

**Nature of relationship**



**Bases of measurement for intercompany revenues and expenses**



1. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as at September 30, 2024 and December 31, 2023 consisted of:



1. **SHORT-TERM INVESTMENTS**

Short-term investments as at September 30, 2024 and December 31, 2023 consisted of:



Movements of short-term investment were as follows:



1. **TRADE AND OTHER RECEIVABLES**

Trade and other receivables as at September 30, 2024 and December 31, 2023 consisted of:

**Current Assets**



As at September 30, 2024 and December 31, 2023 the Group had outstanding balances of trade receivables aged by number of months as follows:



1. **INVENTORIES**

Inventories as at September 30, 2024 and December 31, 2023 consisted of:



For the nine-month periods ended September 30, 2024 and 2023 cost of inventories was included in cost of sale as follows:



Movements of allowance for devaluation of inventories for the nine-month period ended September 30, 2024 were as follows:



1. **INVESTMENT IN SUBSIDIARIES**

Investment in subsidiaries as at September 30, 2024 and December 31, 2023 consisted of:



1. **INVESTMENT IN ASSOCIATED COMPANY**

Investment in associated company as at September 30, 2024 consisted of:



On January 12, 2024 and February 12, 2024, the Company purchased investment in 600,000 ordinary shares of the Alpha Organic Company Limited at the price of Baht 50 per share, totaling of Baht 30 million, which was equivalent to 28.71% shareholding of the registered and paid-up share capital.

On July 1, 2024 , the Company purchased investment in 3,334 ordinary shares of the Nutrition Plus Company Limited at the price of Baht 100 per share, totaling of Baht 6.67 million, which was equivalent to 33.34% shareholding of the registered and paid-up share capital.

On September 12, 2024 , the Company purchased investment in 8,800 ordinary shares of the Mei Hong Holding (Thailand) Company Limited at the price of Baht 100 per share, totaling of Baht 0.88 million, which was equivalent to 44% shareholding of the registered and paid-up share capital.

1. **PROPERTY, PLANT AND EQUIPMENT**

Movements of property, plant and equipment for the nine-month period ended September 30, 2024 were summarized as follows:



As at September 30, 2024 the Company mortgaged land with constructions as collateral for loan from financial institution (see note 15) which its net book value were summarized as follows:



In October 2024, the Company redeemed land with constructions which its net book value as at September 30, 2024 of Baht 133.57 million.

1. **TRADE AND OTHER PAYABLES**

Trade and other payables as at September 30, 2024 and December 31, 2023 consisted of:

**Current liabilities**



1. **CURRENT PORTION OF LIABILITIES**

Current portion of liabilities as at September 30, 2024 and December 31, 2023 consisted of:

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1. **PROVISIONS**

**Litigation**

The 1st litigation

On August 16, 2021, the Company was sued against for a breach of contract and infringement of copyright of others for profit in the amount of Baht 1.80 million. Those prosecution was resulted from a company, who bought the products of the Company for sale, had republished the video filmed by the plaintiff in a talk show for the purpose to advertise and distribute the products of the Company and other distributor in the normal course of business, without permission and any commission for the plaintiff.

On February 6, 2023, the Central Intellectual Property and International Trade Court ordered the defendant to pay of Baht 0.20 million with interest.

On April 3, 2023, the Company filed an appeal against the judgment of the Central Intellectual Property and International Trade Court to the Court of Appeal of Specialized Cases.

On June 16, 2023, the plaintiff objected the appeal of the judgment of the Central Intellectual Property and International Trade Court to the Court of Appeal of Specialized Cases.

On April 22, 2024 , the Court of Appeal issued a judgment confirming the Central Intellectual Property and International Trade Court’s judgment.

On July 18, 2024, the Company did not intend to appeal to the Court and submitted the requisition to place the deposit of Baht 0.26 million in according to the judgment of the Court of Appeal of Specialized Cases. The case is finalized.

The 2nd litigation

On November 1, 2022, the Company was sued against for a breach of selling agreement in the amount of Baht 9.42 million due to the Company had ordered goods and agreed to gradually receive and make the payment. A certain of raw material was kept at the supplier and had not been delivered to the Company, affecting that the supplier had not received the payment for goods and had to pay for the storing expense.

On December 8, 2023, the Civil Court ordered the defendant to accept delivery of the goods and make a payment of Baht 8.02 million with interest including the storing expense.

On June 7, 2024, the Company filed an appeal against the judgment of the Civil Court to the Court of Appeal.

As present, the lawsuit is in the process of consideration by the Court of Appeal.

The management assessed the damage from lawsuit and recognized the provision in the amount of Baht 0.31 million, presented under current liabilities.

The 3rd litigation

On November 1, 2023, the Company filed a lawsuit against other company as a defendant (the Plaintiff of the 2nd litigation) for a breach of contract and compensation in the amount of Baht 4.42 million due to the Company found the unqualified goods that was not exactly with the purchase orders and cannot be used in the production.

The Court scheduled the date of witness hearing of the prosecution and defendant on August 29-30, 2024.

On October 22, 2024, the Civil Court ordered the defendant to pay of Baht 1.03 million with interest.

As present, the lawsuit is in the process of filing an appeal against the judgment of the Civil Court to the Court of Appeal.

The 4th litigation

On February 13, 2023, the Company filed a lawsuit against another company (“the defendant”) for breach of contract and compensation in the amount of Baht 8.61 million due to the Company found the leakage of packaging containers which purchased from the defendant.

On April 12, 2023, another company filed a counter-claim against the Company to pay for a compensation of Baht 27.03 million as their rights to receive in according to the sale of goods agreement.

On May 14, 2024, the Court had temporarily disposed the case for the purpose to allow the defendant to fix the detective packaging containers.

The Court scheduled the date for both parties to appear before the court on October 28, 2024.

As present, the lawsuit is in the process of consideration by the Civil Court.

The provision has not been provided for due to the management assessed that the Company will not be affected by any impacts from the mentioned lawsuit.

The 5th litigation

On August 21, 2023, the Company was sued to the Central Intellectual Property and International Trade Court against for the imitation of a trademark.

On August 1, 2024, the Company made the mediation and the payment for compensation to the plaintiff in the amount of Baht 0.75 million and the plaintiff withdraw the case. The Court ordered to approve the withdrawal of the case, and the case is finalized.

The 6th litigation

On March 18, 2024 , the Company was filed as a defendant against for breach of contract and compensation in the amount of Baht 7.03 million.

The Court scheduled the date of settlement of issues or the date of witness hearing on June 5, 2024.

On August 6, 2024 , the president of the Court of Appeal determined that the plantiff’s lawsuit was not the consumer case, therefore, ordering to withdraw the original which is formerly accepted and issue a new order not to accept the plaintiff’s lawsuit. The case was disposed from the registration.

On August 31, 2024 , the Company was filed as a defendant against for breach of contract and compensation in the amount of Baht 7.34 million.

The Court scheduled the date of settlement of issues or the date of witness hearing on October 21, 2024.

On October 21, 2024, the Company filed a statement and a counter-claim against the plaintiff for breach of contract and infringe in the amount of Baht 4.31 million due to the Company engaged the contractor to renovate office building but the construction was delayed and had defects, however, the contractor did not resolve the defects causing the damages from those renovation construction.

The Court scheduled the date of settlement of issues or the date of witness hearing on November 28, 2024.

The provision has not been provided for due to the management assessed that the Company will not be affected by any impacts from the mentioned lawsuit.

1. **LOAN FROM FINANCIAL INSTITUTIONS**

Loan from financial institutions as at September 30, 2024 consisted of:



**Collateral**

The Company mortgaged the land with constructions. (see note 11).

Movements of loan from financial institution for the nine-month period ended September 30, 2024 was summarized as follows:

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As at September 30, 2024, loan from financial institution presented by term of repayment period were summarized as follows:

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1. **PROVISIONS FOR EMPLOYEE BENEFIT**

Provisions for employee benefit as at September 30, 2024 and December 31, 2023 consisted of:



Movements of the present value of provisions for employee benefit for the nine-month period ended September 30, 2024 were summarized as follows:

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1. **REVENUE FROM CONTRACT WITH CUSTOMERS**

Disaggregation of revenue for the nine-month periods ended September 30, 2024 and 2023 were as follows:



1. **INCOME TAX**

The Group recognized tax expense for the nine-month periods ended September 30, 2024 and 2023 based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expenses in the interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

Tax expense for the nine-month periods ended September 30, 2024 and 2023 were as follows:



1. **OPERATING SEGMENT**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance measured basing on segment operating profit or loss on a basis consistent with that used to measure operating profit or loss in the financial statements.

**Business segment**

The Group operates its core business on the production and distribution of supplements and healthy drinks Therefore, the management considers that the Group has only one business segment.

**Geographical segments**

The Group operates in a single geographical segment principally in Thailand. There are no material revenues derived from or assets located in foreign countries. Therefore, revenue and assets presented in the financial statements are geographical segment reporting.

1. **LOSS PER SHARE**

**Basic loss per share**

Basic loss per share for the three-month and nine-month periods ended September 30, 2024 and 2023 is calculated by dividing loss for the period attributable to the ordinary shareholders of the Group by the weighted average number of ordinary shares issued during the period adjusted with treasury stocks.

For the three-month and nine-month periods ended September 30, 2024 and 2023 were as follows:

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1. **COMMITMENTS**

Commitments as at September 30, 2024 and December 31, 2023, consisted of:



1. **FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Significant financial instruments of the Group presented in the statement of financial positions principally comprise deposits at banks, short-term investments, trade and other receivables, short-term loan to related party, trade and other payables, loan from financial institution and lease liabilities.

Risk management policy

The Group are exposed to risks from changes in interest rates and currency exchange rates and risks from non-performance of contractual obligations by counterparties. The Group uses derivatives, as and when it considers appropriate, to manage such risks. In addition, the Group has a policy to enter into contracts with creditworthy counterparties. Therefore, the Group does not expect any material financial losses to arise from the fact that the counterparties will fail to discharge their obligations as stipulated in the financial instruments contracts.

Fair value

The fair value of financial instruments, considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be amid in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

The fair value information presented herein, 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.





1. **RECLASSIFICATION**

The Group had reclassified certain accounts in the statements of financial position as at December 31, 2023 and the statements of comprehensive income for the three-month and nine-month periods ended September 30, 2023, to conform to the presentation of statements of current period as follows:



