

# **ERX Company Limited**

Financial statements for the year ended  
31 December 2020  
and  
Independent Auditor's Report

## **Independent Auditor's Report**

### **To the Shareholders of ERX Company Limited**

#### ***Opinion***

I have audited the financial statements of ERX Company Limited (the Company) which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

#### ***Basic for Opinion***

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

#### ***Emphasis of Matter***

I draw attention to note to the financial statements No.3, which indicated that, the Company of certain change in accounting policies since 1 January 2020 and consequent to the adoption of Thai Financial Reporting Standards as mentioned in note to the financial statements No.3. The statement of financial position as at 31 December 2019, and the statement of comprehensive income for the year then ended as presented herein for comparative purpose, audited by another auditor who expressed an unmodified opinion as report dated 29 April 2020, were restated. Hereby, my opinion is not modified in respect of this matter. 4

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*S. Sawanont*

(Sawinee Sawanont)  
Certified Public Accountant  
Registration No. 7092

PKF Audit (Thailand) Ltd.  
Bangkok  
30 March 2021

**ERX Company Limited**  
**Statement of financial position**  
**As at 31 December 2020**

<b>Assets</b>	<i>Note</i>	2020	2019 (Restated)
		<i>(in Baht)</i>	
<b><i>Current assets</i></b>			
Cash and cash equivalents	6	25,199,473.56	12,368,120.78
Restricted cash at financial institutions	7	240,000.00	-
Other receivables	8	2,324,474.28	826,946.39
Short-term loan to related parties	5	16,600,000.00	22,500,000.00
Digital assets	9	-	-
<b>Total current assets</b>		<b><u>44,363,947.84</u></b>	<b><u>35,695,067.17</u></b>
<b><i>Non-current assets</i></b>			
Leasehold improvement and equipment	10	3,276,588.49	3,378,835.10
Right-of-use asset	3, 11	2,865,586.26	-
Intangible assets	3, 12	16,921,923.40	2,753,178.27
Deferred tax assets	3, 13	2,698,780.03	2,264,901.39
Other non-current assets		204,368.00	496,990.00
<b>Total non-current assets</b>		<b><u>25,967,246.18</u></b>	<b><u>8,893,904.76</u></b>
<b>Total assets</b>		<b><u>70,331,194.02</u></b>	<b><u>44,588,971.93</u></b>

**ERX Company Limited**  
**Statement of financial position**  
**As at 31 December 2020**

<b>Liabilities and equity</b>	<i>Note</i>	2020	2019 (Restated)
		<i>(in Baht)</i>	
<b><i>Current liabilities</i></b>			
Other payables	14	2,642,002.15	3,586,378.38
Current portion of lease liabilities	3	815,204.28	-
<b>Total current liabilities</b>		<b><u>3,457,206.43</u></b>	<b><u>3,586,378.38</u></b>
<b><i>Non-current liabilities</i></b>			
Long term loan from related parties	5	20,000,000.00	-
Lease liabilities	3	1,766,001.38	-
Non-current provisions for employee benefits	3, 15	263,176.34	63,935.10
<b>Total non-current liabilities</b>		<b><u>22,029,177.72</u></b>	<b><u>63,935.10</u></b>
<b>Total liabilities</b>		<b><u>25,486,384.15</u></b>	<b><u>3,650,313.48</u></b>
<b><i>Equity</i></b>			
Share capital:	16		
Authorised share capital		<u>85,000,000.00</u>	<u>50,000,000.00</u>
Issued and paid-up capital		85,000,000.00	50,000,000.00
Retained earnings (Deficit)	3	(40,155,190.13)	(9,061,341.55)
<b>Total equity</b>		<b><u>44,844,809.87</u></b>	<b><u>40,938,658.45</u></b>
<b>Total liabilities and equity</b>		<b><u>70,331,194.02</u></b>	<b><u>44,588,971.93</u></b>

**ERX Company Limited**  
**Statement of comprehensive income**  
**For the year ended 31 December 2020**

	<i>Note</i>	2020	2019 (Restated)
		<i>(In Baht)</i>	
<b><i>Income</i></b>			
Interest income		20,199.90	16,968.70
<b>Total income</b>		<u>20,199.90</u>	<u>16,968.70</u>
<b><i>Expenses</i></b>			
Administrative expenses	3, 17	31,532,064.08	11,343,211.64
<b>Total expenses</b>		<u>31,532,064.08</u>	<u>11,343,211.64</u>
<b>Profit (Loss) before financial cost and income tax expense</b>		<b>(31,511,864.18)</b>	<b>(11,326,242.94)</b>
Finance cost		15,863.04	-
<b>Profit (Loss) before income tax expense</b>		<b>(31,527,727.22)</b>	<b>(11,326,242.94)</b>
Tax income	3, 18	433,878.64	2,264,901.39
<b>Profit (Loss) for the year</b>		<b><u>(31,093,848.58)</u></b>	<b><u>(9,061,341.55)</u></b>
<b>Other comprehensive income (loss)</b>			
Other comprehensive income (loss) for the year, net of income tax		-	-
<b>Total comprehensive income (loss) for the year</b>		<b><u>(31,093,848.58)</u></b>	<b><u>(9,061,341.55)</u></b>
<b>Earnings (loss) per share <i>(in Baht)</i></b>			
Basic earnings (loss) per share	3, 19	<u>(51.14)</u>	<u>(20.58)</u>

**ERX Company Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2020**

	<i>Note</i>	Issued and paid-up share capital	Retained earnings (Deficit) <i>(in Baht)</i>	Total equity
<b>For the period ended 31 December 2019</b>				
<b>Balance at 30 April 2019 (registration date)</b>		<b>1,000,000.00</b>	-	<b>1,000,000.00</b>
<b>Transactions with owners, recorded directly in equity</b>				
<b>Contributions by owners</b>				
Issue of ordinary shares	16	49,000,000.00	-	49,000,000.00
<b>Total transactions with owners, recorded directly in equity</b>		<b>49,000,000.00</b>	-	<b>49,000,000.00</b>
<b>Comprehensive income (loss) for the period</b>				
Profit (loss) (restated)	3	-	(9,061,341.55)	(9,061,341.55)
Other comprehensive income (loss)		-	-	-
<b>Total comprehensive income (loss) for the period</b>		-	<b>(9,061,341.55)</b>	<b>(9,061,341.55)</b>
<b>Balance at 31 December 2019</b>		<b>50,000,000.00</b>	<b>(9,061,341.55)</b>	<b>40,938,658.45</b>

**ERX Company Limited****Statement of changes in equity****For the year ended 31 December 2020**

	<i>Note</i>	Issued and paid-up share capital	Retained earnings (Deficit) <i>(in Baht)</i>	Total equity
<b>For the year ended 31 December 2020</b>				
<b>Balance at 1 January 2020 - as reported</b>		<b>50,000,000.00</b>	<b>(12,079,466.31)</b>	<b>37,920,533.69</b>
Impact of change in accounting policies	3	-	2,523,865.86	2,523,865.86
Cumulative effects of adjustments in respect of prior year	3	-	494,258.90	494,258.90
<b>Balance at 1 January 2020 - restated</b>		<b>50,000,000.00</b>	<b>-9,061,341.55</b>	<b>40,938,658.45</b>
<b>Transactions with owners, recorded directly in equity</b>				
<b>Contributions by owners</b>				
Issue of ordinary shares	16	35,000,000.00	-	35,000,000.00
<b>Total transactions with owners, recorded directly in equity</b>		<b>35,000,000.00</b>	<b>-</b>	<b>35,000,000.00</b>
<b>Comprehensive income (loss) for the year</b>				
Profit (loss)		-	(31,093,848.58)	(31,093,848.58)
Other comprehensive income (loss)		-	-	-
<b>Total comprehensive income (loss) for the year</b>		<b>-</b>	<b>(31,093,848.58)</b>	<b>(31,093,848.58)</b>
<b>Balance at 31 December 2020</b>		<b>85,000,000.00</b>	<b>(40,155,190.13)</b>	<b>44,844,809.87</b>

**ERX Company Limited**  
**Statement of cash flow**  
**For the year ended 31 December 2020**

	Note	2020	2019
		(in Baht)	
<b>Cash flows from operating activities</b>			
Profit (loss) for the year/period		(31,093,848.58)	(9,061,341.55)
<i>Adjustments to reconcile profit (loss) to cash receipts (payment)</i>			
Tax expense (income)	18	(433,878.64)	(2,264,901.39)
Finance cost		15,863.04	-
Depreciation	10, 11	942,851.32	199,485.70
Employee benefits	15	199,241.24	63,935.10
Loss on impairment of rental deposit		496,990.00	-
Loss on Impairment of leasehold improvement	10	1,700,990.57	-
Interest income		(20,199.90)	(16,968.70)
		<u>(28,191,990.95)</u>	<u>(11,079,790.84)</u>
<i>Changes in operating assets and liabilities</i>			
Decrease in prepaid expenses (Increase)		30,385.90	(568,518.36)
Decrease in other receivables (Increase)		(1,527,913.79)	(258,428.03)
Increase in other payables (Decrease)		(2,580,810.62)	3,586,378.38
Interest received in cash		20,199.90	16,968.70
Cash used in operating activities		<u>(32,250,129.56)</u>	<u>(8,303,390.15)</u>
Taxes paid		-	-
<b>Net cash used in operating activities</b>		<b><u>(32,250,129.56)</u></b>	<b><u>(8,303,390.15)</u></b>
<b>Cash flows from investing activities</b>			
Proceeds from repayment of short-term loans to related parties	5	34,900,000.00	15,000,000.00
Cash payments for short-term loans to related parties	5	(29,000,000.00)	(37,500,000.00)
Cash payment for digital asset exchange center license	12	(2,500,000.00)	-
Cash payments for rental deposit		(204,368.00)	(496,990.00)
Cash payments for acquisition of leasehold improvement and equipment	10	(781,340.93)	(3,578,320.80)
Cash payments for computer program development	12	(11,668,745.13)	(2,753,178.27)
<b>Net cash used in investing activities</b>		<b><u>(9,254,454.06)</u></b>	<b><u>(29,328,489.07)</u></b>
<b>Cash flows from financing activities</b>			
Increase in restricted cash at financial institution	7	(240,000.00)	-
Proceeds from issue of shares	16	35,000,000.00	50,000,000.00
Proceeds from long-term loans from related parties	5	20,000,000.00	-
Cash payments for lease liability	11	(424,063.60)	-
<b>Net cash from financing activities</b>		<b><u>54,335,936.40</u></b>	<b><u>50,000,000.00</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>12,831,352.78</b>	<b>12,368,120.78</b>
Cash and cash equivalents at the beginning of accounting period		12,368,120.78	-
<b>Cash and cash equivalents at 31 December</b>		<b><u>25,199,473.56</u></b>	<b><u>12,368,120.78</u></b>
<b>Non-cash transactions</b>			
Increase in leasehold improvement and equipment payables	10	1,636,434.39	16,500.00
Increase in right-of-use asset from lease	11	2,989,406.22	-

**ERX Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

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**ERX Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors of the Company on 30 March 2021.

**1 General information**

ERX Company Limited (the "Company") is incorporated in Thailand and has its registered office at No. 1 Habito Mall, Unit no.204, 205, 210, 2<sup>nd</sup> Floor, Soi Rim Klong Prakanong, Prakanong Nua, Wattana, Bangkok (*Previous registered office during the year was No. 1, Q.House Lumpini Building, 25<sup>th</sup> Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok.*)

Parent company during the financial year was ER Market LLC (49% shareholding), incorporated in United States of America.

The principal activities of the Company is digital assets exchange center services for digital token.

**2 Basis of preparation of the financial statements**

**2.1 Statement of compliance**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS), guidelines promulgated by the Federation of Accounting Professions ("TFAC") and applicable rules and regulations of the Thai Securities and Exchange Commission.

During 2020, the Company have fully adopted Thai Financial Reporting Standards for annual accounting periods beginning on or after 1 January 2020. The initial application of this adoption of TFRS has resulted in changes in certain of the Company's accounting policies. The effects of these changes, where such effects are considered material to the financial statements, are disclosed in note 3.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRS has resulted in changes in certain of the Company's accounting policies.

In addition, the Company has not early adopted a number of new and revised TFRS, which are not yet effective for the current year in preparing these financial statements. The Company has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

**ERX Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Defined benefit liability	Present value of the defined benefit obligation
Digital assets	Fair value less impairment

**2.3 Functional and presentation currency**

The financial statements are presented in Thai Baht, which is the Company’s functional currency.

All financial information is presented in Thai Baht in the notes to the financial statements to the nearest Thai Baht unless otherwise stated.

The financial statements in English language have been translated from the Thai language financial statements. In the event of any conflict or different interpretation in the two languages, the Thai version of the financial statements, in accordance with Thai laws will prevail.

**2.4 Use of judgements and estimates**

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

*Assumptions and estimation uncertainties*

Information about significant areas of estimation uncertainty that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 3.2.2	Determining the incremental borrowing rate to measure lease liabilities
Note 8	Measurement of ECL allowance for receivables.
Note 10, 11 and 12	Estimation useful life of assets
Note 13 and 18	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised
Note 15	Measurement of defined benefit obligations: key actuarial assumptions
Note 20	Determining the fair value of financial instruments on the basis of significant unobservable inputs.

**ERX Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**3 New and changes in accounting policies and adjustments in respect of prior year**

**3.1 Overview**

From 1 January 2020, consequent to the adoption of TFRS as set out in note 2.1, the Company has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for employee benefits
- Accounting for income tax
- Accounting for leasing
- Financial instruments standards.

Details of the new accounting policies adopted by the Company are included in notes 4.2, 4.7, 4.10, 4.11, 4.16, 4.17, and 4.18. Other TFRS did not have significant impact on the accounting policies, financial position or performance of the Company.

**3.2 Presentation of financial statements**

From 1 January 2020, the Company has applied TAS 1 (revised 2019) Presentation of Financial Statements. Under the standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows;
- Notes to the financial statements.

As a result, the Company presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects.

**3.2.1 Accounting for financial instruments standards**

The Company have adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings on 1 January 2020. Therefore, the Company did not adjust the information presented for 2019. The disclosure requirements of TFRS for financial instruments have not generally been applied to comparative information.

The TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The adoption of TFRS - Financial instruments standards do not significantly impact to the Company.

**ERX Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**3.2.2 Accounting for leasing**

From 1 January 2020, the Company has adopted TFRS 16 Lease on contracts previously identified as leases according to TAS 17 Leases and TFRIC 4 Determining Whether an Arrangement Contains a Lease. Previously, the Company, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease.

Under TFRS 16, the Company assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Company allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Company recognised right-of-use asset and lease liabilities, as a result, the nature of expenses related to those leases were changed because the Company recognised depreciation of right-of-use asset and interest expense on lease liabilities as at 31 December 2020, the Company presented the right-of-use asset in amount of Baht 2.87 million (see Note 11) and lease liabilities in amount of Baht 2.58 million. Lease liabilities was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates.

Commitment from operating leases which disclosed as of 31 December 2019, the Company has entered into the operating leases for the office space rental and services agreement for the period from 1 to 3 years and cancelled the agreement during the year 2020. Thus, there is no effect from TFRS 16 adoption on 1 January 2020 from the practical expedients: do not recognise right-of-use asset and lease liabilities for leases with less than 12 months of lease term.

**3.2.3 Accounting for income tax**

The principal change introduced by TAS 12 is the requirement to account for deferred tax assets and liabilities in the financial statements.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following 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 to the extent that 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and 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, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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

**ERX Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

The Company adopted TAS 12 with effect from 1 January 2020. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

	31 December	
	2020	2019
	<i>(in Baht)</i>	
<b>Statement of financial position</b>		
Increase in deferred tax assets	433,878.64	2,264,901.39
Decrease in deficits	(433,878.64)	(2,264,901.39)
<b>For the year ended 31 December</b>	<b>2020</b>	<b>2019</b>
	<i>(in Baht)</i>	
<b>Statement of comprehensive income</b>		
Increase in income tax benefit	433,878.64	2,264,901.39
<b>Decrease in loss for the year</b>	<b>(433,878.64)</b>	<b>(2,264,901.39)</b>
<b>Decrease in loss per share</b>	<b>(0.71)</b>	<b>(5.14)</b>

**3.2.4 Accounting for employee benefits**

From 1 January 2020, the Company has adopted TAS 19 Employee Benefits.

Under the change in policy, the Company's obligation in respect of post-employment benefits and other long-term employee benefits is recognised in the financial statements based on calculations performed by a qualified actuary using the projected unit credit method. Previously, this liability was recognised using the best estimate method at the reporting date.

The change in accounting policy has been applied retrospectively which are included in the Company's financial statements for the year ended 31 December 2019 for comparative purposes, have been re-presented accordingly. The impact on the financial statements is as follows:

	31 December	
	2020	2019
	<i>(in Baht)</i>	
<b>Statement of financial position</b>		
Increase (decrease) in employee benefit obligation	199,241.24	(258,964.47)
Increase (decrease) in deficit	199,241.24	(258,964.47)
<b>For the year ended 31 December</b>	<b>2020</b>	<b>2019</b>
	<i>(in Baht)</i>	
<b>Statement of comprehensive income</b>		
Increase (decrease) in employee benefits expenses resulting in:		
Increase (decrease) in administrative expenses	199,241.24	(258,964.47)
<b>Increase (decrease) in loss for the year</b>	<b>199,241.24</b>	<b>(258,964.47)</b>
<b>Increase (decrease) in loss per share</b>	<b>0.33</b>	<b>(0.59)</b>

**ERX Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**3.3 Adjustments in respect of prior year financial statements**

The Company has adjustments in respect of prior year that have the effects to the financial statements due to adjustment in direct cost of intangible assets and changes in new accounting policies. Consequently, the Company retrospectively adjusted in financial statements presuming that the transactions are corrected in the period that the transactions had occurred. The accumulated effect of this adjustments in respect of a prior period is as follows:

**Statement of financial position as at 31 December 2019**

	As reported	The effect from change in accounting policy <i>(In Baht)</i>	Adjustment	As restated
Intangible assets	2,258,919.37	=	494,258.90	2,753,178.27
Deferred tax assets	=	2,264,901.39	-	2,264,901.39
Non-current provisions for employee benefits	322,899.57	(258,964.47)	-	63,935.10
Deficits	(12,079,466.31)	2,523,865.86	494,258.90	(9,061,341.55)

**Statement of comprehensive income for the year ended 31 December 2019**

	As reported	The effect from change in accounting policy <i>(In Baht)</i>	Adjustment	As restated
Tax income	-	2,264,901.39	-	2,264,901.39
Administrative expenses	12,096,435.01	(258,964.47)	(494,258.90)	11,343,211.64
Earnings (loss) per share	(27.44)			(20.58)

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**4 Significant accounting policies**

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

**4.1 Foreign currencies and digital assets**

*Foreign currency transactions*

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities at the reporting date denominated in foreign currencies are translated to Thai Baht at the exchange rate at the date.

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

*Digital assets*

Transactions denominated in digital assets are translated to Thai Baht by using the closing rate (in U.S. Dollar) at the date from trustworthy central website and calculated weighted-average price from various sources and translated to Thai Baht at the foreign exchange rates ruling by Bank of Thailand at the same date.

Digital assets and liabilities as at reporting date are stated at fair value less impairment losses. Gains on translation are recognised in other comprehensive income.

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

**4.2 Financial instruments**

***Accounting policies applicable from 1 January 2020***

***4.2.1 Recognition and initial measurement***

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

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

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*4.2.2 Classification and subsequent measurement*

*Financial assets - classification*

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

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

*Financial assets - business model assessment*

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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

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

For the purposes of this assessment,

'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

*Financial assets – subsequent measurement and gains and losses*

Financial assets at FVTPL      These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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

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

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

**4.3 Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances and call deposits which are shown only balance of the Company, net from deposits from customer.

Restricted cash at financial institutions are separately presented as “Restricted deposits at financial institutions”.

**4.4 Other receivables**

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

A receivable is measured at transaction price less allowance for expected credit loss (2019: *allowance for doubtful accounts*) which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred (if any).

**4.5 Leasehold improvement and equipment**

*Recognition and measurement*

*Owned assets*

Leasehold improvement and equipment are stated at cost less accumulated depreciation and impairment losses (if any).

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

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

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Any gains and losses on disposal of item of leasehold improvements and equipment are determined by comparing the proceeds from disposal with the carrying amount of leasehold improvements and equipment, and are recognised in profit or loss.

*Depreciation*

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

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

Leasehold improvements	5 years
Office furniture, fixture and equipment	5 years

No depreciation is provided on assets under construction.

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

**4.6 Intangible Assets**

*Research and development*

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

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

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

Intangible assets with indefinite useful life consist of digital asset business operator license fee which are tested for impairment annually and whenever there is an indication that the intangible assets may be impaired and allowance for impairment is recognised (if any).

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*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

**4.7 Impairment of financial assets**

***Accounting policies applicable from 1 January 2020***

The Company recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, loans to others and related parties), debt investments measured at FVOCI, contract assets, lease receivables, and loan commitments issued which are not measured at FVTPL.

*Measurement of ECLs*

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

ECLs are measured on either of the following bases:

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

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

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

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

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

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

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

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

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

*Credit-impaired financial assets*

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

*Write-off*

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

***Accounting policies applicable before 1 January 2020***

*Other receivable*

A receivable is measured at transaction price less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**4.8 *Impairment of non-financial assets***

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

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

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*Calculation of recoverable amount*

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

*Reversal of impairment*

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

**4.9 Other payables**

Other payables are stated at cost.

**4.10 Leases**

***Accounting policies applicable from 1 January 2020***

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in TFRS 16.

*As a lessee*

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

The Company recognises 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 is recognised as an expense on a straight-line basis over the lease term.

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

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. 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.

#### **4.11 Employee benefit**

##### *Defined benefit plans*

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

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

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

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

##### *Short-term employee benefits*

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

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**4.12 Provision**

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

**4.13 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

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

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

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

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

**4.14 Share capital**

*Ordinary shares*

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

**4.15 Revenue**

***Accounting policies for revenue recognition in 2020 and 2019***

*Interest income*

Interest income is recognised in profit or loss as it accrues.

*Other income*

Other income is recognised in profit or loss as it accrues.

**4.16 Interest**

***Accounting policies applicable from 1 January 2020***

*Effective Interest Rate (EIR)*

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

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

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

**4.17 Earnings (loss) per share**

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

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**4.18 Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on 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.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: 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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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 realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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**5 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Company if the Company 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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with management or other related parties were as follows:

<b>Related parties</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
ER Market LLC	United States of America	Parent company
SE Digital Company Limited	Thai	Company under common ultimate parent company

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

<b>Transactions</b>	<b>Pricing policy</b>
Management service fee	Contractual price

Significant transactions for the year ended 31 December with related parties were as follows:

<b>For the year ended 31 December</b>	<b>2020</b>	<b>2019</b>
	<i>(in Baht)</i>	
<b>Related parties</b>		
Management service fee	434,725.00	393,423.03

Balances as at 31 December 2020 and 2019 with related parties were as follows:

	<b>2020</b>	<b>2019</b>
	<i>(in Baht)</i>	
<b>Related personnel</b>		
Short-term loan to	16,600,000.00	11,475,000.00
Long-term loan from	20,000,000.00	-
<b>Parent company</b>		
Short-term loan to	-	11,025,000.00
<b>Related parties</b>		
Other payables	-	924,896.50

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Movements during the year ended 31 December 2020 and 2019 of short-term loan to related parties were as follows:

	2020	2019
	<i>(in Baht)</i>	
At 1 January 2020 / 30 April 2019	22,500,000.00	-
Addition	29,000,000.00	37,500,000.00
Repayment	<u>(34,900,000.00)</u>	<u>(15,000,000.00)</u>
At 31 December	<u><b>16,600,000.00</b></u>	<u><b>22,500,000.00</b></u>

As at 31 December 2020 and 2019, short-term loan to related parties were interest-free loan.

Movements during the year ended 31 December 2020 and 2019 of long-term loans from related parties were as follows:

	2020	2019
	<i>(in Baht)</i>	
At 1 January 2020 / 30 April 2019	-	-
Addition	<u>20,000,000.00</u>	<u>-</u>
As at 31 December	<u><b>20,000,000.00</b></u>	<u><b>-</b></u>

As at 31 December 2020, long-term loan from related parties were interest-free promissory notes, due on 30 June 2023.

**Commitment with related parties**

The Company entered into a management service agreement with SE Digital Company Limited for office space and administration services, with the rate as stated in the agreement.

**6 Cash and cash equivalents**

	2020	2019
	<i>(in Baht)</i>	
		(Restated)
Petty cash	20,000.00	19,970.00
Cash at banks - current accounts	88,483.54	631,906.66
Cash at banks - savings accounts	<u>25,096,878.02</u>	<u>11,716,244.12</u>
<b>Total</b>	<u><b>25,205,361.56</b></u>	<u><b>12,368,120.78</b></u>
Less Deposits from customer	<u>(5,888.00)</u>	-
<b>Net</b>	<u><b>25,199,473.56</b></u>	<u><b>12,368,120.78</b></u>

**7 Restricted cash at financial institutions**

As at 31 December 2020, cash at banks - saving accounts of the Company in amount of Baht 0.24 million was used as a guarantee for safe rental and credit guarantee with domestic financial institutions.

**ERX Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**8 Other receivables**

	2020	2019
	<i>(in Baht)</i>	
Revenue department receivable	1,655,291.97	195,693.58
Prepaid expenses	538,132.46	568,518.36
Others	131,049.85	62,734.45
<b>Total</b>	<b><u>2,324,474.28</u></b>	<b><u>826,946.39</u></b>

**9 Digital assets**

Digital assets as at 31 December 2020 were as follows;

	<b>Digital token</b>			
	Cost	Add (Less) fair value adjustment	Fair value	<b>Total Digital assets</b>
As at 31 December 2020				
Digital assets	198,436.74	(19,317.07)	179,119.67	179,119.67
Less Digital assets of customer	198,436.74	(19,317.07)	179,119.67	179,119.67
<b>Total digital assets - net</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

**ERX Company Limited**  
**Notes to the financial statements**  
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**10 Leasehold improvement and equipment**

	Leasehold improvement	Office furniture and fixture	Office equipment (in Baht)	Assets under construction	Total
<b>Cost</b>					
At 30 April 2019	-	-	-	-	-
Additions	1,953,463.94	740,046.40	884,810.46	-	3,578,320.80
<b>At 31 December 2019 and 1 January 2020</b>	<b>1,953,463.94</b>	<b>740,046.40</b>	<b>884,810.46</b>	-	<b>3,578,320.80</b>
Additions	276,561.12	53,245.00	451,534.81	1,636,434.39	2,417,775.32
<b>At 31 December 2020</b>	<b>2,230,025.06</b>	<b>793,291.40</b>	<b>1,336,345.27</b>	<b>1,636,434.39</b>	<b>5,996,096.12</b>
<b>Accumulated depreciation and impairment losses</b>					
At 30 April 2019	-	-	-	-	-
Depreciation for the period	109,706.97	49,098.86	40,679.87	-	199,485.70
<b>At 31 December 2019 and 1 January 2020</b>	<b>109,706.97</b>	<b>49,098.86</b>	<b>40,679.87</b>	-	<b>199,485.70</b>
Depreciation for the year	419,327.52	165,507.56	234,196.28	-	819,031.36
Impairment losses	1,700,990.57	-	-	-	1,700,990.57
<b>At 31 December 2020</b>	<b>2,230,025.06</b>	<b>214,606.42</b>	<b>274,876.15</b>	-	<b>2,719,507.63</b>
<b>Net book value</b>					
<b>At 31 December 2019</b>	<b>1,843,756.97</b>	<b>690,947.54</b>	<b>844,130.59</b>	-	<b>3,378,835.10</b>
<b>At 31 December 2020</b>	<b>-</b>	<b>578,684.98</b>	<b>1,061,469.12</b>	<b>1,636,434.39</b>	<b>3,276,588.49</b>

**11 Right-of-use asset**

**As at 31 December**

**Right-of-use asset**

Office building

**Total**

2020

2019

(In Baht)

2,865,586.26

**2,865,586.26**

-

-

In 2020, the right-of-use asset of the Company increased in amount of Baht 2.87 million from lease of office space for 3 years, with extension options at the end of lease term. Rental payment is on monthly basis, at the rate as stated in the contract.

*Extension options*

Rental agreement of property provided an option in extend the rental period within 90 days.

Before the end of the non-cancellable contract period, where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

**ERX Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

<i>For the year ended 31 December</i>	2020	2019
	<i>(In Baht)</i>	
<b>Amounts recognised in profit or loss</b>		
Depreciation of right-of-use asset		
- Office building	123,819.96	-
Interest on lease liabilities	15,863.04	-
Expenses relating to short-term leases	793,584.00	264,528.00
Expenses relating to leases of low value assets	36,000.00	12,000.00

In 2020, total cash outflow for lease of the Company were Baht 0.42 million.

Movement in right-of-use asset for the year ended 31 December 2020 as follows:

	<i>(In Baht)</i>
<b>Cost</b>	
At 30 April 2019	-
Additions	-
<b>At 31 December 2019 and 1 January 2020</b>	-
Additions	<u>2,989,406.22</u>
<b>At 31 December 2020</b>	<u><b>2,989,406.22</b></u>
<b>Accumulated depreciation</b>	
At 30 April 2019	-
Depreciation for the period	-
<b>At 31 December 2019 and 1 January 2020</b>	-
Depreciation for the year	<u>123,819.96</u>
<b>At 31 December 2020</b>	<u><b>123,819.96</b></u>
<b>Net book value</b>	
At 31 December 2019	-
<b>At 31 December 2020</b>	<u><b>2,865,586.26</b></u>

**ERX Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**12 Intangible assets**

	Digital asset business operator license	Computer program under development (in Baht)	Total
<b>Cost</b>			
At 30 April 2019	-	-	-
Additions	-	2,753,178.27	2,753,178.27
<b>At 31 December 2019 and 1 January 2020 (Restated)</b>	-	<b>2,753,178.27</b>	<b>2,753,178.27</b>
Additions	2,500,000.00	11,668,745.13	14,168,745.13
<b>At 31 December 2020</b>	<b>2,500,000.00</b>	<b>14,421,923.40</b>	<b>16,921,923.40</b>
<b>Accumulated amortisation</b>			
At 30 April 2019	-	-	-
Amortisation for the period	-	-	-
<b>At 31 December 2019 and 1 January 2020</b>	-	-	-
Amortisation for the year	-	-	-
<b>At 31 December 2020</b>	-	-	-
<b>Net book value</b>			
<b>At 31 December 2019 (Restated)</b>	-	<b>2,753,178.27</b>	<b>2,753,178.27</b>
<b>At 31 December 2020</b>	<b>2,500,000.00</b>	<b>14,421,923.40</b>	<b>16,921,923.40</b>

**ERX Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**13 Deferred tax assets**

Movement in deferred tax assets for the year ended 31 December 2020 and 2019 as follows:

	At 1 January 2020 (Restated)	(Charged) / Credited to		At 31 December 2020
		Profit or loss	Other comprehensive income	
<i>(in Baht)</i>				
<b>Deferred tax assets</b>				
Employee benefits obligation	12,787.02	39,848.25	-	52,635.27
Differences from impairment;				
Leasehold improvement	-	340,198.11	-	340,198.11
Rental deposit	-	99,398.00	-	99,398.00
Difference from expenses				
record from lease liabilities	-	4,434.28	-	4,434.28
Loss carry forward	2,252,114.37	-	-	2,252,114.37
<b>Total</b>	<b>2,264,901.39</b>	<b>483,878.64</b>	<b>-</b>	<b>2,748,780.03</b>
<b>Deferred tax liabilities</b>				
Difference from amortisation of digital asset business operator license	-	(50,000.00)	-	(50,000.00)
<b>Total</b>	<b>-</b>	<b>(50,000.00)</b>	<b>-</b>	<b>(50,000.00)</b>
<b>Net</b>	<b>2,264,901.39</b>	<b>433,878.64</b>	<b>-</b>	<b>2,698,780.03</b>
<i>(in Baht)</i>				
	At 30 April 2019	(Charged) / Credited to		At 31 December 2019
		Profit or loss	Other comprehensive income	
<i>(Restated)</i>				
<b>Deferred tax assets</b>				
Employee benefits obligation	-	12,787.02	-	12,787.02
Loss carry forward	-	2,252,114.37	-	2,252,114.37
<b>Net</b>	<b>-</b>	<b>2,264,901.39</b>	<b>-</b>	<b>2,264,901.39</b>

**ERX Company Limited**  
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As at 31 December 2020 and 2019, tax loss occurred which were classified by expiring year of tax benefits as follows;

	2020	2019
	<i>(in Baht)</i>	
Expiring year of tax benefit		
Year 2024	11,260,571.84	11,260,571.84
Year 2025	29,341,937.49	-
<b>Total</b>	<b><u>40,602,509.33</u></b>	<b><u>11,260,571.84</u></b>

**14 Other payables**

	2020	2019
	<i>(in Baht)</i>	
	<i>Note</i>	
Payables for assets	1,636,434.39	16,500.00
Accrued expenses	358,957.65	1,938,197.50
Revenue department payable	213,970.29	199,592.27
Other payables - related parties	5 -	924,896.50
Others	432,639.82	507,192.11
<b>Total</b>	<b><u>2,642,002.15</u></b>	<b><u>3,586,378.38</u></b>

**15 Non-current provision of employee benefits**

	2020	2019
	<i>(in Baht)</i>	
<b>Statement of financial position</b>		<i>(Restated)</i>
<b>Non-current provisions for:</b>		
Post-employment benefits	<b><u>263,176.34</u></b>	<b><u>63,935.10</u></b>
 <b>For the year ended 31 December</b>	 2020	 2019
		<i>(Restated)</i>
	<i>(in Baht)</i>	
<b>Statement of comprehensive income:</b>		
<b>Recognised in profit or loss:</b>		
Post-employment benefits	<b><u>199,241.24</u></b>	<b><u>63,935.10</u></b>

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

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

**ERX Company Limited**  
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***Present value of the defined benefit obligations***

	2020	2019 (Restated)
	<i>(in Baht)</i>	
At 1 January 2020 / 30 April 2019	63,935.10	-
<b>Include in profit or loss:</b>		
Current service cost	198,077.62	63,935.10
Interest on obligation	1,163.62	-
<b>Total</b>	<b>199,241.24</b>	<b>63,935.10</b>
<b>At 31 December</b>	<b>263,176.34</b>	<b>63,935.10</b>

***Actuarial assumptions***

The following were the principal actuarial assumptions at the reporting date.

	2020	2019
	<i>(%)</i>	
Discount rate	1.82%	1.82%
Future salary growth rate	5.00%	5.00%
Employee turnover rate	2.87% - 34.38%	2.87% - 34.38%

Assumptions regarding future mortality have been based on published statistics and mortality tables 2560 (TMO 2017).

***Sensitivity analysis***

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

	<i>(in Baht)</i>	
	Increase	Decrease
<b>At 31 December 2020</b>		
Discount rate (1% movement)	(83,858.07)	104,094.01
Future salary growth (1% movement)	99,539.34	(82,275.95)
Employee turnover (20% movement)	(99,894.46)	134,713.00
	<i>(in Baht)</i>	
	Increase	Decrease
<b>At 31 December 2019</b>		
Discount rate (1% movement)	(83,858.07)	104,094.01
Future salary growth (1% movement)	99,539.34	(82,275.95)
Employee turnover (20% movement)	(99,894.46)	134,713.00

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

**ERX Company Limited**  
**Notes to the financial statements**  
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**16 Share capital**

	Par value per share	2020		2019	
		Number of shares	Baht	Number of shares	Baht
<b>Authorised</b>					
At 30 April 2019					
and 1 January 2020					
- ordinary shares	100	500,000	50,000,000.00	10,000	1,000,000.00
Issue of ordinary shares	100	350,000	35,000,000.00	490,000	49,000,000.00
<b>At 31 December</b>					
- ordinary shares	<b>100</b>	<b>850,000</b>	<b>85,000,000.00</b>	<b>500,000</b>	<b>50,000,000.00</b>
<b>Issued and paid-up</b>					
At 30 April 2019					
and 1 January 2020					
- ordinary shares	100	500,000	50,000,000.00	10,000	1,000,000.00
Issue of ordinary shares	100	350,000	35,000,000.00	490,000	49,000,000.00
<b>At 31 December</b>					
- ordinary shares	<b>100</b>	<b>850,000</b>	<b>85,000,000.00</b>	<b>500,000</b>	<b>50,000,000.00</b>

**Increase of registered capital**

At the extraordinary general meeting of the shareholders of the Company held on 22 May 2019, the shareholders had the resolution to approve the increase of registered capital amounting to Baht 49 million by issuing 0.49 million shares with a Baht 100 par value, the Company had registered increase in share capital on 30 May 2019.

At the extraordinary general meeting of the shareholders of the Company held on 31 August 2020, the shareholders had the resolution to approve the increase of registered capital amounting to Baht 35 million by issuing 0.35 million shares with a Baht 100 par value, the Company had registered increase in share capital on 10 September 2020.

**17 Expenses by nature**

	2020	2019 (Restated)
		(in Baht)
Employee benefit expenses	11,599,793.02	6,839,437.52
Information technology and communication expenses	12,538,637.90	2,210,869.19
Building, office space and equipment expenses	2,550,166.03	713,151.47
Impairment of asset	2,197,980.57	-
Depreciation	942,851.32	199,485.70
Professional fee	779,222.00	616,200.00
Management service fee	434,725.00	393,423.03
Others	488,688.24	370,644.73
<b>Total</b>	<b>31,532,064.08</b>	<b>11,343,211.64</b>

**ERX Company Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**18 Income tax**

*Income tax expense recognised in profit or loss*

	2020	2019
	<i>(in Baht)</i>	
<b>Current income tax</b>		
Current year	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>Deferred income tax</b>		
Movement in temporary differences	433,878.64	2,264,901.39
<b>Total tax income</b>	<u><b>433,878.64</b></u>	<u><b>2,264,901.39</b></u>

*Reconciliation of effective tax rate*

	2020		2019
	<i>Rate</i>		<i>Rate</i>
	<i>(%)</i>	<i>(in Baht)</i>	<i>(%)</i>
			<i>(in Baht)</i>
			<i>(Restated)</i>
Profit (loss) before income tax expense		<u>(31,527,727.22)</u>	<u>(11,326,242.94)</u>
Income tax expense (income) using the Thai corporation tax rate	20	(6,305,545.44)	(2,265,248.59)
Expenses not deductible for tax purposes		3,279.30	347.20
Current year losses for which no deferred tax asset was recognised		5,868,387.50	-
<b>Tax expense (income)</b>	<u><b>1.38</b></u>	<u><b>(433,878.64)</b></u>	<u><b>(2,264,901.39)</b></u>

**ERX Company Limited**  
**Notes to the financial statements**  
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**19 Earnings (loss) per share**

***Basic earnings (loss) per share***

The calculations of basic earnings (loss) per share for the year ended 31 December 2020 and 2019 were based on the profit (loss) for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year.

	2020	2019 (Restated)
	<i>(in Baht/share)</i>	
<b><i>For the year ended 31 December</i></b>		
Basic earnings per share		
Profit (loss) attributable to ordinary shareholders	<u>(31,093,848.58)</u>	<u>(9,061,341.55)</u>
<b>Profit (loss) attributable to ordinary shareholders</b>	<b><u>(31,093,848.58)</u></b>	<b><u>(9,061,341.55)</u></b>
Number of ordinary shares issued as at 1 January 2020/ 30 April 2019	500,000	10,000
Adjustment for shares issued and paid-up during the period	<u>108,060</u>	<u>430,244</u>
<b>Weighted average number of ordinary shares outstanding</b>	<b><u>608,060</u></b>	<b><u>440,244</u></b>
<b>Basic earnings (loss) per share</b>	<b><u>(51.14)</u></b>	<b><u>(20.58)</u></b>

**20 Risk management**

***Risk management framework***

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

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

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

***Financial risk management policies***

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

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

***Capital liquidity level maintenance and capital management***

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

- The Notification of the Office of the Securities and Exchange Commission No. GorThor. 19/2561 Re: Rules, Conditions and Procedures for Undertaking Digital Asset Businesses and No. GorThor. 8/2562 Re: Rules, Conditions and Procedures for Undertaking Digital Asset Businesses (No.2) stated that the digital assets business operator who acquiring digital assets business operator license regarding this notification and has custody of customers' assets, shall maintain net capital level as of the end of business day as following rules:
  - Not less than Baht 15 million, and
  - Not less than 5% of customers' asset, except for the customers' asset has been kept in digital asset business operator's system and connected with network when transacting only (cold wallet), the Company shall maintain at 1% of customers' asset.In case of digital asset business operator cannot maintain the capital level, all of the Company's operation will be suspended until the Company is able to maintain the capital level as required.
- The Notification of the Office of the Securities and Exchange Commission No. SorThor 34/2562 Re: Calculation and Preparation Reports of Capital, the Company shall explicate to SEC in case of the capital level equal to or less than 1.5 times of the required net capital level.
- The Notification of the Office of the Securities and Exchange Commission No. GorThor. 20/2561 Re: Prescription of Paid-up Registered Capital of a License Applicant in Undertaking Digital Asset Businesses by SEC stated that the Company shall remain the authorised and paid-up capital not less than Baht 50 million for exchange center of digital token.

As at December 31, 2020, the Company is able to maintain capital which is in accordance with the SEC's regulations.

**ERX Company Limited**  
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***Significant financial instruments risk***

As at December 31, 2020 and 2019, the Company has not speculated in or engaged in trading of any off-financial position financial derivatives instruments.

The periods of time from the end of reporting period to the maturity dates of financial instruments as of December 31, 2020 and 2019 are as follows:

(Unit: in Million Baht)

**As at December 31, 2020**

**Outstanding balances of net financial instruments**

	At call	Within 1 year	1 - 5 years	Over 5 years	Not limit	Total
<b>Financial assets</b>						
Cash and cash equivalents	25	-	-	-	-	25
Restricted cash at financial institution	0.2	-	-	-	-	0.2
Other receivables	-	2	-	-	-	2
Short-term loan to related parties	16	-	-	-	-	16
Other non-current assets	-	-	0.2	-	-	0.2
<b>Total</b>	<b>41.2</b>	<b>2</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>43.4</b>
<b>Financial liabilities</b>						
Other payables	2	-	-	-	-	2
Long-term loan from related parties	-	-	20	-	-	20
<b>Total</b>	<b>2</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>22</b>

(Unit: in Million Baht)

**As at December 31, 2019**

**Outstanding balances of net financial instruments**

	At call	Within 1 year	1 - 5 years	Over 5 years	Not limit	Total
<b>Financial assets</b>						
Cash and cash equivalents	12.4	-	-	-	-	12.4
Other receivables	-	0.8	-	-	-	0.8
Short-term loan to related parties	22	-	-	-	-	22
Other non-current assets	-	-	0.5	-	-	0.5
<b>Total</b>	<b>34.4</b>	<b>0.8</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>35.7</b>
<b>Financial liabilities</b>						
Other payables	3	-	-	-	-	3
<b>Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>

**ERX Company Limited**  
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**Interest rate risk**

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because financial assets and liabilities debt securities is primarily exposed to interest rate referencing to the market interest rate.

(Unit : in Million Baht)

**As at December 31, 2020**

**Outstanding balances of net financial instruments  
reprising or maturity dates**

	Floating interest rate	At call	Within			No interest	Total	Interest rate (%)	
			1 year	1-5 years	Over 5 years			Floating rate	Fixed rate
<b>Financial assets</b>									
Cash and cash equivalents	-	24.99	-	-	-	0.01	25	-	0.05 - 0.375
Restricted cash at financial institution	-	0.2	-	-	-	-	0.2	-	0.05 - 0.22
Other receivables	-	-	-	-	-	2	2	-	-
Short-term loan to related parties	-	-	-	-	-	16	16	-	-
Other non-current assets	-	-	-	-	-	0.2	0.2	-	-
<b>Total</b>	-	<b>25.19</b>	-	-	-	<b>18.21</b>	<b>43.4</b>		
<b>Financial liabilities</b>									
Other payables	-	-	-	-	-	2	2	-	-
Long-term loan from related parties	-	-	-	-	-	20	20	-	-
<b>Total</b>	-	-	-	-	-	<b>22</b>	<b>22</b>		

(Unit : in Million Baht)

**As at December 31, 2019**

**Outstanding balances of net financial instruments  
reprising or maturity dates**

	Floating interest rate	At call	Within			No interest	Total	Interest rate (%)	
			1 year	1-5 years	Over 5 years			Floating rate	Fixed rate
<b>Financial assets</b>									
Cash and cash equivalents	-	11.7	-	-	-	0.7	12.4	-	0.22 - 0.375
Other receivables	-	-	-	-	-	0.8	0.8	-	-
Short-term loan to related parties	-	-	-	-	-	22	22	-	-
Other non-current assets	-	-	-	-	-	0.5	0.5	-	-
<b>Total</b>	-	<b>11.7</b>	-	-	-	<b>24</b>	<b>35.7</b>		
<b>Financial liabilities</b>									
Other payables	-	-	-	-	-	3	3	-	-
<b>Total</b>	-	-	-	-	-	<b>3</b>	<b>3</b>		

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The average yield on average financial asset and liabilities asset balances for interests bearing financial instruments are presented in the following table:

Financial Instruments	(Unit : in Baht)		
	As at December 31, 2020		
	Average balance	Interest income / Interest expense	Average yield (%)
<b>Financial assets</b>			
Cash and cash equivalents	18,783,797.17	20,038.60	0.11
Restricted cash at financial institution	120,000.00	161.30	0.13
Other receivables	1,575,710.34	-	-
Short-term loan to related parties	19,550,000.00	-	-
Other non-current assets	350,679.00	-	-
<b>Financial liabilities</b>			
Other payables	3,114,190.27	-	-
Long-term loan from related parties	10,000,000.00	-	-

  

Financial Instruments	(Unit : in Baht)		
	As at December 31, 2019		
	Average balance	Interest income / Interest expense	Average yield (%)
<b>Financial assets</b>			
Cash and cash equivalents	6,184,060.39	16,968.70	0.27
Other receivables	413,473.20	-	-
Short-term loan to related parties	11,250,000.00	-	-
Other non-current assets	248,495.00	-	-
<b>Financial liabilities</b>			
Other payables	1,793,189.19	-	-

**Foreign currency risk**

The Company is exposed to foreign currency risk relating to translation digital assets which are denominated in foreign currencies. The Company had unhedged foreign currency refer to Note 9.

**Credit risk**

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

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

**Liquidity risk**

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

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***Fair value of financial assets and financial liabilities***

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

***Financial instruments not measured at fair value***

Fair value of financial instruments which are not measured at fair value and their fair value hierarchy level classification is summarised as follows:

	<b>As at 31 December 2020</b>		<b>Fair value hierarchy</b>	<b>Valuation techniques and key inputs</b>
	<b>Carrying Amount (in Baht)</b>	<b>Fair Value (in Baht)</b>		
<b><u>Financial assets</u></b>				
Cash and cash equivalents	25,199,473.56	25,199,473.56	3	Net present value of expected cash inflow
Restricted cash at financial institution	240,000.00	240,000.00	3	Net present value of expected cash inflow
Other receivables	2,324,474.28	2,324,474.28	3	Net present value of expected cash inflow
Short-term loan to related parties	16,600,000.00	16,600,000.00	3	Net present value of expected cash inflow
Other non-current assets	204,368.00	204,368.00	3	Net present value of expected cash inflow
<b><u>Financial liabilities</u></b>				
Other payables	2,642,002.15	2,642,002.15	3	Net present value of expected cash outflow
Long term loan from related parties	20,000,000.00	20,000,000.00	3	Net present value of expected cash outflow

	<b>As at 31 December 2019</b>		<b>Fair value hierarchy</b>	<b>Valuation techniques and key inputs</b>
	<b>Carrying Amount (in Baht)</b>	<b>Fair Value (in Baht)</b>		
<b><u>Financial assets</u></b>				
Cash and cash equivalents	12,368,120.78	12,368,120.78	3	Net present value of expected cash inflow
Other receivables	826,946.39	826,946.39	3	Net present value of expected cash inflow
Short-term loan to related parties	22,500,000.00	22,500,000.00	3	Net present value of expected cash inflow
Other non-current assets	496,990.00	496,990.00	3	Net present value of expected cash inflow
<b><u>Financial liabilities</u></b>				
Other payables	3,586,378.38	3,586,378.38	3	Net present value of expected cash outflow

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**21 Commitments with non-related parties**

The Company has been entered into leases and services agreement for the year ended 31 December 2020 and 2019. The commitments for leases and services in Thai Baht and U.S. Dollar are as follows:

	2020	2019
	<i>(in Baht)</i>	
<b><i>Future minimum lease payments under non-cancellable leases</i></b>		
Within one year	2,565,254.00	2,663,960.00
After one year but within five years	<u>1,329,070.00</u>	<u>3,058,605.00</u>
<b>Total</b>	<b><u>3,894,324.00</u></b>	<b><u>5,722,565.00</u></b>
	2020	2019
	<i>(in U.S. Dollar)</i>	
<b><i>Future minimum lease payments under non-cancellable leases</i></b>		
Within one year	214,148.00	253,400.00
After one year but within five years	<u>12,000.00</u>	<u>193,400.00</u>
<b>Total</b>	<b><u>226,148.00</u></b>	<b><u>446,800.00</u></b>

**22 Thai Financial Reporting Standards (TFRS) not yet adopted**

*Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective*

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to references to the Conceptual Framework in TFRSs, except for the revisions of definitions and accounting requirements as follows:

*Conceptual Framework for Financial Reporting*

The revised Conceptual Framework for Financial Reporting consisted of the revised definitions and recognition criteria of asset and liability as well as new guidance on measurement, derecognition of asset and liability, presentation and disclosure. In addition, this Conceptual Framework for Financial Reporting clearly clarifies management's stewardship of the entity's economic resources, prudence, and measurement uncertainty of financial information.

*Definition of Business*

The revised Thai Financial Reporting Standard No.3 "Business Combinations" clearly clarifies the definition of business and introduce an optional concentration test. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

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*Definition of Materiality*

The revised definition of materiality resulted in the amendment of Thai Accounting Standards No.1 “Presentation of Financial Statements” and Thai Accounting Standards No.8 “Accounting Policies, Changes in Accounting Estimates and Errors”, including other financial reporting standards which refer to materiality. This amendment is intended to make the definition of material to comply with the Conceptual Framework which requires prospective method for such amendment. Earlier application is permitted.

*The Interest Rate Reform*

Due to the interest rate reform, there are the amendments of specific hedge accounting requirements in Thai Financial Reporting Standard No.9 “Financial Instruments” and Thai Financial Reporting Standard No.7 “Financial Instruments: Disclosures”.

The Company’s management will adopt such TFRSs in the preparation of the Company’s financial statements when it becomes effective. The Company’s management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any material impact on the financial statements of the Company in the period of initial application.