

KARMART

ANNUAL REPORT 2020

รายงานประจำปี 2563 บริษัท คาร์มาร์ท จำกัด (มหาชน) สิ้นสุดวันที่ 31 ธันวาคม 2563

Cathy Doll
X
BrightWin

NUDE MATTE SERIES

#CathyDollใช้คู่กันฟินยิ่งกว่า



ANNUAL REPORT

2020

รายงานประจำปี 2563
บริษัท การนิรชา จำกัด (มหาชน)
สิ้นสุดวันที่ 31 ธันวาคม 2563

OUR VISION

One of the Leading Branded Beauty Providers for Everyone Worldwide

OUR MISSION

To be a supreme beauty provider well-recognised worldwide
as a dynamic professional team committed to :

Product innovation and service excellence for customers
Efficient value creation for stakeholders
Social responsibility for community
Efficient Market expansion



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UNIQUE BEAUTY SOLUTION

KARMART

COMPANY
PROFILE

| | |
|---------------------------------------|--|
| Name | Karmarts Public Company Limited |
| Address | Office 81-81/1 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel. 0-2805-2756-60 Fax. 0-2805-2751-2 Factory and Warehouse 140-140/1 Moo 4 Mapyangporn, Plugdang, Rayong 21140 Tel. 038-891-811-15 Fax. 038-891-821-22 |
| Type of Business | The distribution of consumer products and the provision of warehouse rental and warehouse services. |
| Authorized share capital | |
| Common stock | 528,000,000 Baht |
| Issued and Paid up | 527,998,810 Baht |
| Incorporate | May 11, 1982 |
| Registered as a public company | March 18, 1994 |
| SET Listing | October 31, 1994 |
| Registration No. | 0107537000823 (Old No. Plc. 329) |
| Corporate Website | www.karmarts.co.th |
| E-commerce Website | www.karmarts.com |
| Share Registrar | Thailand Securities Depository Company Limited The Stock Exchange Building |
| Auditors | Ms. Pimjai Manitkajohnkit Certified Public Accountant No. 4521 EY Office Limited |

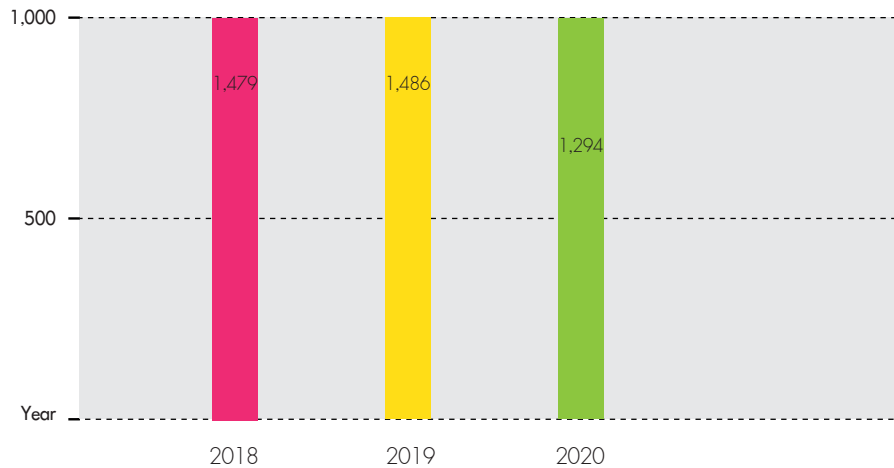
FINANCIAL HIGHLIGHTS

KARMARTS PUBLIC COMPANY LIMITED

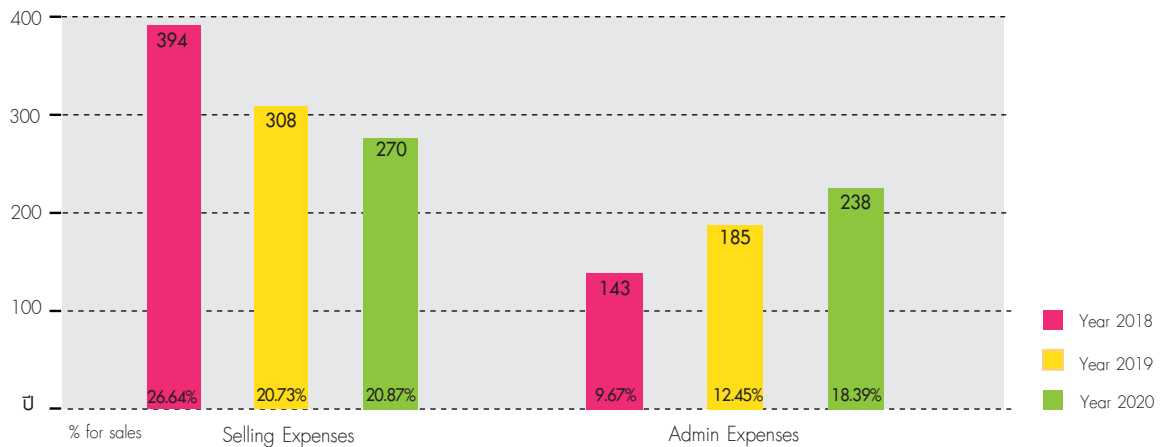
| Financial Position and Operating results of year | Consolidated | | | The Company Only | | |
|--|--------------|-----------|-----------|------------------|-----------|-----------|
| | 2020 | 2019 | 2018 | 2020 | 2019 | 2018 |
| Financial Position (Thousand Baht) | | | | | | |
| Total Assets | 1,520,794 | 1,586,782 | 1,545,271 | 1,388,737 | 1,458,758 | 1,426,996 |
| Total Liabilities | 513,777 | 564,870 | 559,171 | 524,333 | 574,061 | 568,007 |
| Shareholders' Equity | 1,007,017 | 1,021,912 | 986,100 | 864,404 | 884,697 | 858,989 |
| Operating Results (Thousand Baht) | | | | | | |
| Total Revenue | 1,326,213 | 1,524,448 | 1,523,193 | 1,410,779 | 1,606,467 | 1,538,083 |
| Total Sales and services | 1,293,988 | 1,486,648 | 1,479,387 | 1,366,064 | 1,555,134 | 1,487,455 |
| Gross Margin | 655,833 | 792,160 | 792,015 | 619,138 | 763,742 | 778,752 |
| Net Profit (Loss) | 132,824 | 261,235 | 360,225 | 129,305 | 253,130 | 226,333 |
| Financial Ratio | | | | | | |
| Return on Assets (ROA) (%) | 8.55 | 16.59 | 24.91 | 9.08 | 17.44 | 16.27 |
| Return on Equity (ROE) (%) | 13.19 | 26.16 | 38.95 | 14.79 | 29.03 | 26.04 |
| Gross Margin (%) | 50.68 | 53.28 | 53.54 | 45.32 | 49.11 | 52.35 |
| Net Profit (Loss) (%) | 10.02 | 17.12 | 24.35 | 9.17 | 15.74 | 15.22 |
| Current Ratio (times) | 1.61 | 1.59 | 1.68 | 1.54 | 1.54 | 1.65 |
| Debt to Equity Ratio (times) | 0.51 | 0.57 | 0.57 | 0.61 | 0.67 | 0.66 |
| Book Value per share (Baht) | 1.14 | 1.16 | 1.12 | 0.98 | 1.01 | 0.98 |
| * Earnings per share (Baht) | 0.15 | 0.30 | 0.41 | 0.15 | 0.29 | 0.26 |

* Note : Calculation is based on accounting standard by using weighted average number of ordinary shares issued during the year.

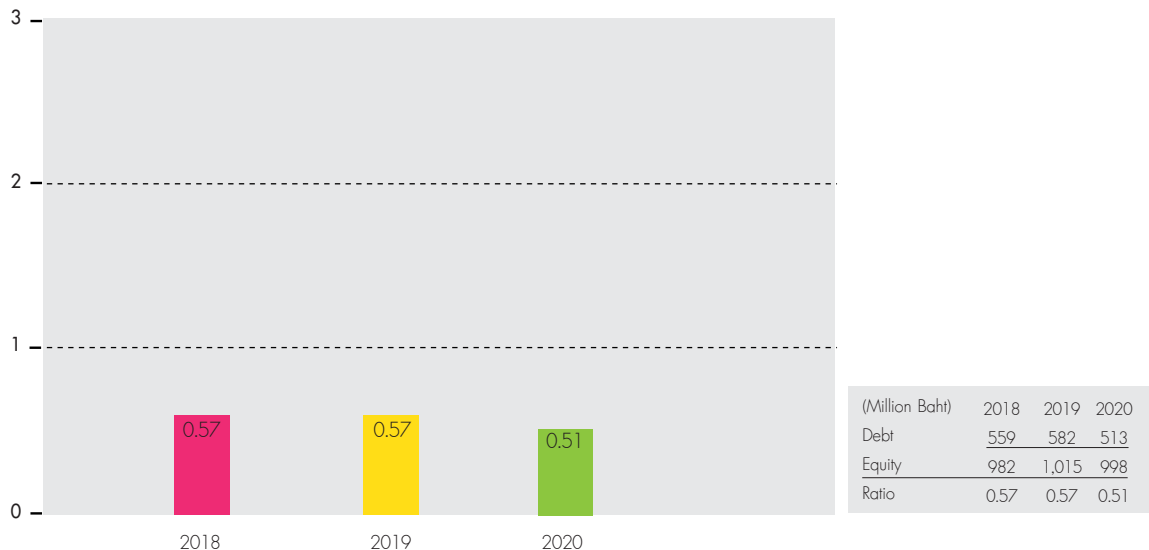
KARMARTS PUBLIC COMPANY LIMITED OPERATING RESULTS YEAR 2018, 2019 AND 2020 (CONSOLIDATED)



Selling and Administrative Expenses (Million Baht)

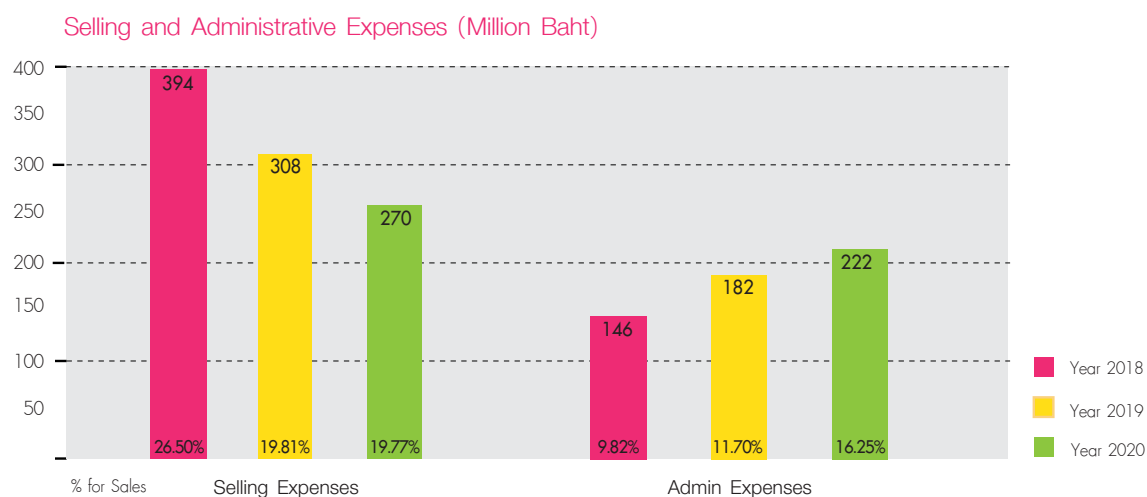
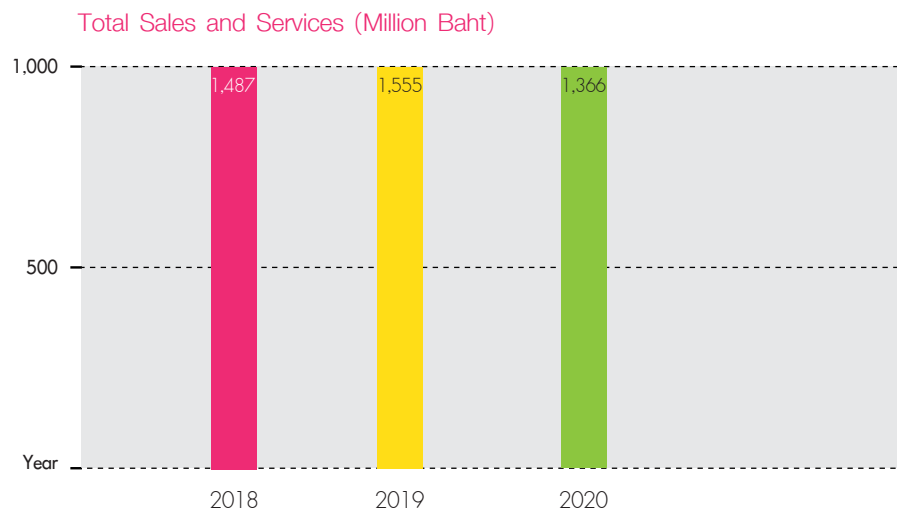


Debt to Equity Ratio (Times)

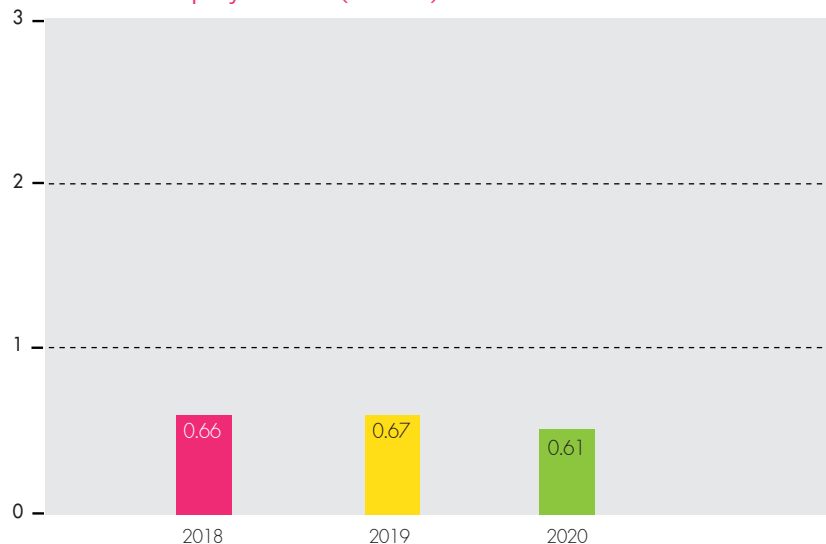


KARMARTS PUBLIC COMPANY LIMITED

OPERATING RESULTS YEAR 2018, 2019 AND 2020 (THE COMPANY ONLY)



Debt to Equity Ratio (Times)



| | | | |
|----------------|------|------|------|
| (Million Baht) | 2018 | 2019 | 2020 |
| Debt | 568 | 591 | 524 |
| Equity | 859 | 884 | 864 |
| Ratio | 0.66 | 0.67 | 0.61 |

BOARD OF DIRECTOR'S MESSAGE

Greetings to all shareholders. 2020 has proven to be an exceptional year in the history of mankind, with Covid-19 taking the world by surprise and putting many economies across the globe at a standstill. The pandemic resulted in a global GDP contraction and placed thousands of enterprises across the globe out of businesses, as multiple waves of lockdown hit the United States of America, Europe as well as Asia, Thailand was not spared too, and we saw a significant decline of 6.1% in GDP for the year. Malls were closed for prolonged periods of time and airports were shut down to curb influx of infections. The latter dealt an especially severe blow to Thailand as the country has a long-standing presence and an economy which is by large skewed towards that of a tourism hub. Along with that came the drastic and disastrous impacts to the hotel industry, followed by, inevitably, the beauty industry, as expenses in this aspect of daily lives are generally deemed by consumers as non-necessities during times of recessions.

Beyond the global situation, political instability continued to add fuel to the fire in 2020. Protests along with demonstrations were participated by thousands of students and young people. Associated with unprecedented demands for reforms, these events started in February and continued in July, thereafter leading to a declaration on a state of emergency in October.

Through it all, KARMART stood firm on our guiding principles and braved through the turbulent waters in 2020. The company attained total Operating Revenue of THB 1,326 million for the past fiscal year, which represents a decline of 12.98% from the year before. Net Profit makes up 10.26% or THB 132 million, representing a decrease of 49.43% from the prior year, and total dividends paid out/declared was THB 0.14 per share. Return-on-Equity Ratio was concluded as 13.19% whereas Return-on-Asset ratio stood at 8.55%. Retained Earnings show a healthy level of THB 243 million at the end of 2020, making KARMART a preferred choice on the Stock Exchange of Thailand which is equipped with resources required to take on a long-term battle during extended economic downturns.

On behalf of the Board of Directors, we like to reaffirm our dedication to strive for the better in 2021 to all stakeholders. We assure that all of us here at KARMRT will relentlessly give our all to steer through difficult times ahead. Once again, special thanks certainly have to be accorded to all employees, business partners and shareholders who have stood by us and will continue to place faith in us in the coming year and beyond. Regardless of how Covid-19 shall continue to impact the world economy in the times ahead, we are confident that KARMART will continue to advance towards our vision of becoming one of the leading branded beauty providers for everyone worldwide.

Board of Directors
Karmarts Public Company Limited

INCOME STRUCTURE

The Company had the Consumer Products Sales in 2018 - 2020 as follow:

| Product | 2020 | | 2019 | | 2018 | |
|--|------------------|---------------|------------------|---------------|------------------|---------------|
| | Thousand Baht | % | Thousand Baht | % | Thousand Baht | % |
| Consumer Products Sales Value | | | | | | |
| • Cosmetics | | | | | | |
| Body care | 167,183 | 12.71 | 189,505 | 12.57 | 221,738 | 14.86 |
| Facial skin care and | 263,297 | 20.02 | 287,076 | 19.04 | 318,848 | 21.37 |
| Cosmetics | 764,337 | 58.12 | 937,685 | 62.19 | 874,852 | 58.09 |
| • Accessories | 29,514 | 2.24 | 20,028 | 1.33 | 19,787 | 1.33 |
| • Furnitures and marketing tools and other | 48,783 | 3.71 | 31,991 | 2.12 | 21,791 | 1.46 |
| • Supplomentarie | 20,874 | 1.59 | 20,363 | 1.35 | 22,371 | 1.50 |
| Total Consumer Products Sales Value | 1,293,988 | 98.39 | 1,486,648 | 98.60 | 1,479,387 | 98.61 |
| Income from warehouse rental | 21,170 | 1.61 | 21,067 | 1.40 | 20,757 | 1.39 |
| Grand total Revenue | 1,315,158 | 100.00 | 1,507,715 | 100.00 | 1,500,144 | 100.00 |
| % increased (decreased) | | (12.77) | | 0.50 | | (0.94) |

CORE BUSINESS

Karmarts Public Company Limited (KARMART) operates core businesses in the fields of import, manufacturing, packaging and distribution of cosmetics and consumer products on an international level under the 'Unique Beauty Solution' concept. Headed for the vision of becoming the exemplary brand that fulfills the infinite beauty desires of the mass population, the company steers its business towards success by constantly inventing new beauty innovations with distinct uniqueness which respond to all demands of modern women.

Domestic house brands whose trademark rights belong with KARMART: The company plans and executes the conceptualization and development of each brand through multinational product development teams across Thailand and abroad, effectively tapping on the teams' solid insights in global trends and consumer behavior. This guarantees consistent creation of new innovative products which meet the imminent needs of target audiences across Asia and beyond. The principle aim of the business lies in the conception of new products, delivering aesthetic appeal and unique beauty solutions to customers, thereby allowing mass consumers to enjoy shopping for each and every category of beauty products to satisfy their customized needs. Underlying the foremost objective is KARMART's commitment to deliver high-performance products globally at reasonable prices affordable to all.

Product development and sourcing are divided into three groups: (i) finished goods that are developed and imported from overseas, manufactured by world-class factory that is widely accepted by countless top beauty brands, (ii) semi-finished goods that are not fully assembled and are imported to Thailand to complete or separate packing process, and (iii) self-manufactured goods that are locally produced at the manufacturing facility to decrease cost of international imports and also ensure that effective management of production capacity largely meet the rising expectations in today's challenging business environment.

In regards to channels of distribution, the company maintains a substantial distribution network nationwide encompassing both wholesale and retail sales, e.g., local cosmetic store, supermarket, pharmacy etc. Modern trade channels also constitute a strong arm in distribution and strategic collaborations have been established with various channels. Furthermore, KARMART operates the largest cosmetic franchise system in Thailand under the trade name "KARMARTS" and retails a captivating variety of beauty products marketed under various house brands of the company, all of which are managed centrally to reinforce the consistency of brand image, style and layout. Centralized operating systems responding to the consumer's needs and wants are also implemented. As the outbreak of COVID-19 significantly reshaped the digital landscape, the company is now also focusing on multiple online platforms, for instance, Shopee, Lazada, and Konvy to boost its business growth and strengthen its leadership in the digital era.

Sublime performance from within domestic market also drove KARMART to expand operations internationally. The expansion started with Southeast Asia and the company has established solid footprints in other Asian markets thus far, such as the People's Republic of China, Singapore, Cambodia, Myanmar, Vietnam, Malaysia, Laos and Indonesia to date. The paramount goal of the company is to become "One of the Leading Branded Beauty Providers for Everyone Worldwide" and rise to Asia's number one cosmetic player in the foreseeable future.

COMPANY BACKGROUND AND SIGNIFICANT MILESTONES

- 1982 Established Central Audio Company Limited with operations focused in the trading of electrical appliances.
- 1994 Listed Distar Electric Corporation Public Company Limited, an entity evolving from Central Audio Company Limited, with the Stock Exchange of Thailand.
- 2009 Commenced import of cosmetic, skin care and other consumer products for distribution in various channels under “Karmarts” trademark, and concurrently operate automobile and NGV businesses which were launched in previous years.
- 2010 Achieved annual sales growth exceeding 100% in cosmetic business.
- 2011 Officially updated company’s name from Distar Electric Corporation Public Company Limited to Karmarts Public Company Limited with the Stock Exchange of Thailand.
- 2012 Strategized manufacturing and distribution of cosmetic, skin care and consumer products as primary and core business.
- 2013 Expanded distribution channels and ventured into export markets with neighboring Asian countries as initial focus.
- 2014 Enhanced overseas distribution through strategic alliances with high potential business partners; Commenced product Research and Development under “JKOS Laboratory Company Limited” which focuses on formulation and manufacturing of cosmetic, perfume, beauty appliances and accessories; Set foot in real estate business with “The Iconic Property Company Limited” as a strategic addition to the company’s investment portfolio.
- 2015 Established joint venture outside Thailand territory with Karmarts Vietnam Company Limited as part of key expansion plan.
- 2016 On 20 January 2016, the Company acquired shareholdings in Karmarts Vietnam Company Limited which was registered and established in Vietnam. The Company now holds 49% of the issued shares and has recorded investments in this company as investments in joint venture since the investment date.
- 2017 Added on warehousing facility and set up additional cosmetics packaging and assembly factory to gain more control over quality, capital and production time to better respond to the rising growth in the market.
- 2018 Achieved modernized look by rebranding the Corporate logo and Karmarts shop to better position the Company and its core businesses as well as meeting consumers’ changing preferences and demands.
- 2019 Established Cosmetic Product Packing and Assembly Departments to further enhance the Company’s competitiveness and build resilience towards any external event which may produce adverse effects on operations.
- 2020 Acquired production machinery and commenced the production of surgical mask due to the shortage of mask in domestic market which is an essential tool in preventing and mitigating the ongoing outbreak of novel coronavirus (COVID-19) in early 2020.

BRAND and PRODUCT Overview

Aspiring to become a leading global brand in the cosmetic industry that fulfills all beauty desires and preferences of today's consumers, KARMART prides itself as the company which incessantly delivers one-of-a-kind, innovative products to satisfy all beauty needs of various target audience as we strive to be the ultimate provider of "Unique Beauty Solution" to all.

In search of excellence, the company focuses on better understanding target consumer groups through studies and researches in order to derive new ideas to enhance existing products or launch new innovations to best meet the expectations of consumers that get more diverse as time progresses.

The company also closely monitors and taps on beauty trends from other regions, including Asia and Europe, and employs new cosmetic innovations from international suppliers to achieve product standards and quality comparable to international luxurious brands. The endless pursuit for more user-friendly product designs and newer product design trends is also a key agenda in terms of product development. Lastly, the company places the highest importance on customers' feedback and constantly engages such information as insights to improve product offerings.



PRODUCT CHARACTERISTICS

KARMART has a massive collection of more than 1,000 beauty products from our house brands deliberated below:

Just play it!



1. CATHY DOLL: JUST PLAY IT!

“Cathy Doll” is an energetic beauty brand that delivers continuous excitement to the cosmetic industry with its grand variety of trending beauty products which meets a vast spectrum of unique beauty needs and demands. Innovative products marketed under this brand bring to the market maximum fun and enjoyment, offering all-rounded beauty from head to toe. An avant-garde beauty leader, the brand is well-suited for modern chic and edgy girls who welcome diverse beauty trends with positivity and an open heart, are naughty yet adorable and charming, with a playful personality just like Cathy Doll who encourages all girls to unveil their profound beauty with confidence. Cathy Doll offers a diverse range of product choices as follows:

- Facial Care and Cleanser
- Body Care and Cleanser
- Makeup
- Beauty Accessories



Internationally, Cathy Doll has stepped into a higher level of the beauty scene and successfully collaborated with The Walt Disney (Thailand) Company Limited to design and develop Cathy Doll x Disney Tsum Tsum makeup collection, and teamed up with Sanrio Wave Hong Kong Co., Ltd. to create Cathy Doll x Hello Kitty cosmetic collection. Remarkably, both collections received magnificent market responses domestically and overseas, thus enhancing the brand’s standing on the international stage in terms of both awareness and preference.

BABY BRIGHT

Gift from nature

2. BABY BRIGHT: GIFT FROM NATURE

Baby Bright is a modern icon representing the beauty gifts nature has been found to be able to offer for one's skin. Inspired by the wide variety of nourishing plants available in nature, the brand delivers an innovative skin care and cosmetic line that boosts of natural ingredients. A valuable gift that helps pamper and nourish the skin through the combination of beauty secrets from nature, products marketed under this brand excellently revive skin's glow to reveal supple and youthful appearance. All in all, this brand flawlessly relieves the skin in the most gentle way possible, and delivers visible benefits to all skin types. Baby Bright offers a wide range of product choices as follows:

- Facial Care and Cleanser
- Body Care and Cleanser
- Makeup

Moreover, Baby Bright brand also collaborated with The Walt Disney (Thailand) Company Limited to design and develop BABY BRIGHT x DISNEY Winnie the Pooh and Christopher Robin makeup collections which delivered immense success. In addition, Baby Bright will partner with Sanrio Wave Hong Kong Co., Ltd. in 2021 to design and develop Baby Bright x Gudetama facial care treatment collection to raise brand awareness and increase export sales in overseas markets.



BOYA

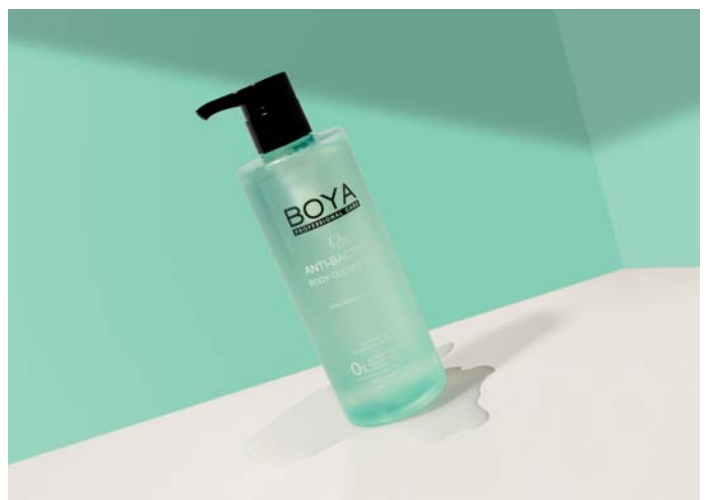
PROFESSIONAL CARE

Professional care

3. BOYA: PROFESSIONAL CARE

Positioned as the next level of professional care is Boya, a brand that responds to all hair and body nourishment needs as well as creating inspirations for customers to reveal beauty with confidence. The brand is also known and accepted for its quality and results and is suitable for all genders and ages. The materials are finely selected to specially cater to problems in connection with hair, scalp and skin and products come packed with nutrients to help nourish one's body from head to toe. The brand professionally enables you to achieve healthy skin to enhance your charisma and offered product choices are as follows:

- Body Care and Cleanser
- Hair Care



Jejuvita

“Beauty is Yummy”

4. JEJUVITA: BEAUTY IS YUMMY

Nutritious food generally tastes plain and this gave rise to the creation of dietary supplement products which are perfect in terms of both nutrition and taste – Jejuvita. Taking inspiration from healthy beauties who not only look good but feel good as well, Jejuvita offers a good variety of vitamins which are beneficial to the body and aims to deliver beauty from within. The brand comes with easy-to-take and on-the-go supplements to balance the nutritional needs of modern consumers and sets out to convince that beauty can certainly be yummy! Jejuvita offers a huge range of product choices as follows:

- Weight Loss Dietary Supplement
- Skincare Dietary Supplement
- Detoxifying Dietary Supplement





Everyday Happiness

5. REUNROM: EVERYDAY HAPPINESS

A lifestyle and spa series which was founded to preserve Thai heritage and local knowledge by combining ancient and modern Thai skin care methodologies with the use of Thai herbs, Reunrom bears close resemblance to ancient household remedies and comprises key ingredients to offer 4 types of happiness as follows:

1.) Happiness of delighted consumers

– With exquisite designs and visible benefits, Reunrom sets out to delight consumers and deliver happiness with every use of the products.

2.) Happiness in promoting Fair Price & Fair Trade

– The happiness from contributing to Thai agriculturists, promoting fine quality ingredients from Thailand and creating employment for the community as well as happiness in distributing supreme quality products at reasonable price for all.

3.) Happiness in sharing and contributing to the society

– As a socially responsible corporation, Reunrom is yet another addition to KARMART's efforts in contributing back to society through donations of portions of commercial profit to charity organizations.

4.) Happiness in promoting Thai Tourism and Culture

– The happiness in promoting Thai tourism and culture through the creation of products that feature unique formulas and packaging inspired by ancient traditions.

In addition, Reunrom scented products also depict trails of authentic Thai traditional fragrances and the brand provides outstanding adaptations of Thai cultures to create exceptional products in the following categories:

- Facial Care
- Body Care
- Scented products
- Hair Care





CRAYON

Coloring your life

6. CRAYON: COLORING YOUR LIFE

A professional makeup line offering huge variety of colors, Crayon adds exclusive touch of glamour for every makeup look and style. The brand is capable of transforming any plain Jane into chic and modern ladies in its most unique and professional way with ease, allowing consumers to be unapologetically bold in every way while promising perfection to everyone's unique style. It comes with lively colors to add flavors and to break the monotony of everyday life. In this sense, Crayon is specially designed for ladies who wish to attain professional makeup looks and charm with minimum efforts. The brand offers product choice as follows:

- Makeup

CATHY CHOO

Boutique fusion spa

7. CATHY CHOO: BOUTIQUE FUSION SPA

A fusion spa product line crafted out of impressive journeys to the east, west and various parts of the world coupled with the seamless blend of Thai spa and natural scents from spices, herbs, floral, woods and fruits to create a miraculous fusion that cannot be found elsewhere. This brand caters to one's sensual and beauty needs and offers the benefits of emotional therapy through relaxation delivered by spa products which elegantly reflect rich spa cultures around the world. Suitable for delicate ladies who fancy floral and herbal fragrances, the brand also features sophisticated packaging that provides luxurious visual sensation wherever the products may be placed. Cathy Choo offers product choice as follows:

- Body Care and Cleanser



SKYNLAB+

DERMATOLOGIC LABORATORIES

Special care for healthiness and wellness

8. SKYNLAB

With premium quality in mind, SKYNLAB is positioned to provide luxurious oral wellness and special acne care targeted at sensitive skin. Product offerings under this brand are developed by industry professionals who conduct scientific research to solve specific problems without the use of harmful substances which could cause irritation. The brand offers product choices as follows:

- Acne and Sensitive Skin Care
- Oral Care



Special Brand Project

Alongside the aforementioned brands, KARMART also partnered high-profile beauty experts such as makeup artists and hair stylists in Special Brand Projects to develop products, one of which is the iconic brand “BROWIT by Nongchat” that delivers brows and eyes makeup product lines. The brand is jointly developed and associated with Mr. Chatchai Peangapichart who is also known as “Nongchat”, a prominent makeup artist in Thailand who is widely known for his flawless makeup skills and spectacular works for celebrities.



KARMART

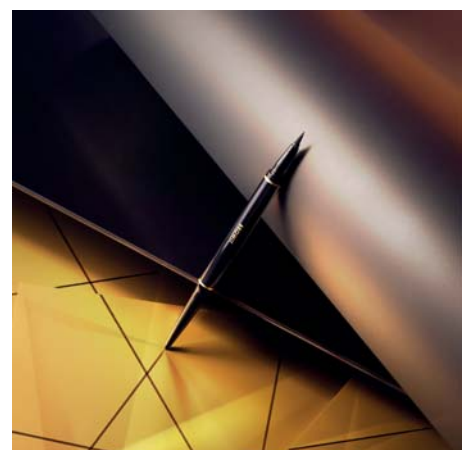
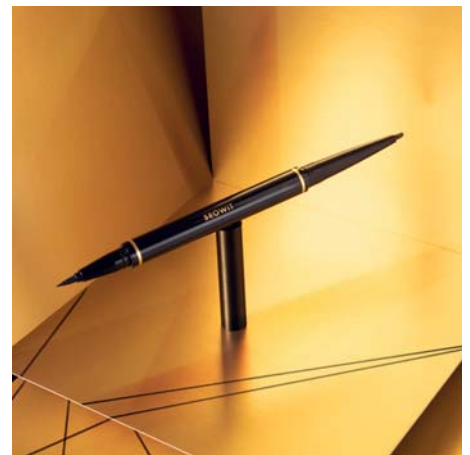
Additionally, KARMART also collaborated with another celebrity “Ja – Natthaweeranuch Thongmee, Ph.D.”, a well-rounded VJ, actress, writer, model, host and university lecturer who has jointly developed and launched 24-hour long-wearing cosmetics under the brand “J24”. Products under J24 are positioned as on-the-go beauty essentials which are convenient and suitable for travel and adventure enthusiasts.



AWARDS AND ACHIEVEMENTS FROM LEADING MAGAZINES

As a leading cosmetic brand in Thailand, KARMART has been honored by leading Thai and international beauty magazines in recognition of utmost product quality as follows:

1. Watsons HWB Awards 2020 – “Best Selling Eyeliner 2020” by Watsons from Browit High Technique Duo Eyeliner.



MARKETING AND SALES

In summary, KARMART focuses on 5 key distribution channels in relation to sales and marketing:

1. Modern Trade

Presently, KARMART distributes through the following modern trade channels:

- Convenience Store

Convenience stores offer advantages with the mass number of branches and the convenient locations. Our existing partners in this aspect include 7-Eleven, Family Mart, MaxValu, Jiffy, Big C Mini, Lotus Express, Tops Daily, CJ Express, Lawson108, etc.

- Supermarket/ Hypermarket and Discount Store

Listed under this category are retail megastores which focus on delivering huge variety of products of moderate to high quality at affordable prices to mass markets. KARMART's partners in this category include Tops, Home Fresh Mart, Gourmet Market, Food Hall, Tesco Lotus, Big C, Makro, etc.

- Specialty Store

Focusing on consumables, pharmaceuticals, cosmetics, skin care and hair care products, specialty stores are obtaining popularity in view of their friendly services, convenient locations and up-to-date product offerings which can be considered as one of the high-potential sales channels that has manifested sustainable growth potential. To this end, KARMART currently distributes through Watsons, Boots, Beautrium and EVEANDBOY as well as affiliate stores such as Beauty Buffet that presently operates more than 200 branches.

Additionally, we also distribute the products in pharmacies for special groups such as the health-conscious consumers. Unique diet supplementary and pharmaceutical products are selected to match this distribution channel.



- Catalogs

Focusing on general consumers, unique products well suited to the mass markets are selected for publication and sales via catalogs such as Friday Catalog, 7-Catalog, etc.

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KARMART

2. KARMART Shop

KARMART shop is an important channel for the company, ensuring convenient access to all KARMART products in mass markets. It is also a key channel through which the company continuously study consumer needs and create effective customer relationships, which is a critical factor contributing to unceasing augmentation of brand loyalty.

Formerly, KARMART shops operate under 2 types of business models, namely 1. Fully-Owned Investment Stores and 2. Franchise Store. However, from year 2019 onwards, the Company has been systematically reclaiming all franchise stores in order to maintain and improve the efficiency of store appearance and management as well as inventory organization.

The Company also plans to develop CRM system (Customer Relationship Management) to appreciate customer relationship in the long run through automated and systematic data monitoring and analysis, whereby outputs of current store management systems which integrates pricing and promotion are upgraded. In addition, KARMART continues to engage with consumers by utilizing pricing and promotional strategies, including alternative forms of sales kits and the company also initiates projects between business partners such as financial institution and telecommunications company to expand customer base.

At present, there are a total of 48 KARMART shops nationwide, of which 21 branches are standalone or retail shops, and 27 branches are in department stores' beauty hall zone such as The Mall and Robinson.



3. Traditional Trade or Dealer

Despite the expeditious expansion of modern trade channel, the traditional trade channel remains a key sales generator for the company by integrity of their strategic locations across the entire country.

In addition, the exceptional network of retail stores and traditional trade distributors aggregates to approximately 800 and escalate extensively across Thailand in the past year which resulted in effective reach to all targeted consumer segments. This sales channel can be broadly sub-categorized as follows:

- Retailers: Cosmetic shop retailer, local supermarket, local convenience store, hair tools store, pharmacy as well as hospital, welfare store in the hospital, hotel, spa, tourist souvenir shop, etc.
- Wholesalers: Cosmetic shop wholesaler, consumer products megastore, distribution center, etc.
- Distributor: Dealers of relatively bigger operational scales and who distribute comprehensive variety of products across Thailand.



4. Export

Ventures into overseas export markets are prudently strategized following in-depth market analysis and the Company went to substantial lengths to launch our household brands internationally. Export partners or potential business partners are generally divided into 3 groups: Sole Distributor, Distributor and Joint Venture Partner. Presently, KARMART has successfully secured 16 distributorships in overseas markets which are Singapore, Cambodia, Vietnam, Myanmar, China, Laos, Indonesia, the Philippines, United Arab Emirates, Malaysia, Taiwan, Iraq, United State of America, Hong Kong, Russia and India, while establishing joint venture in Vietnam.



KARMART SHOP VIETNAM



KARMART SHOP INDONESIA



KARMART SHOP MYANMAR



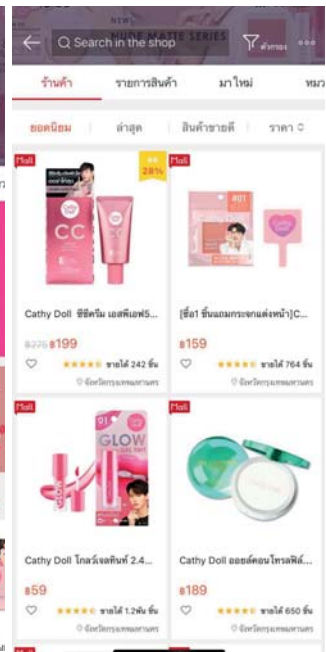
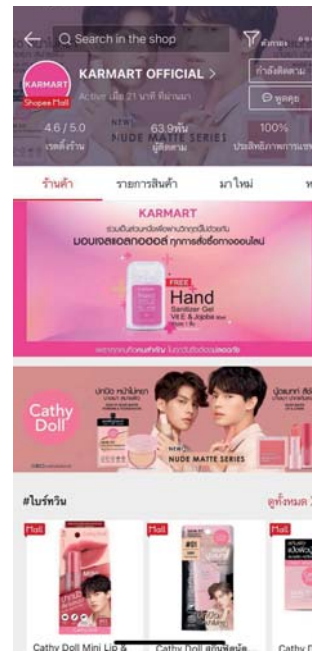
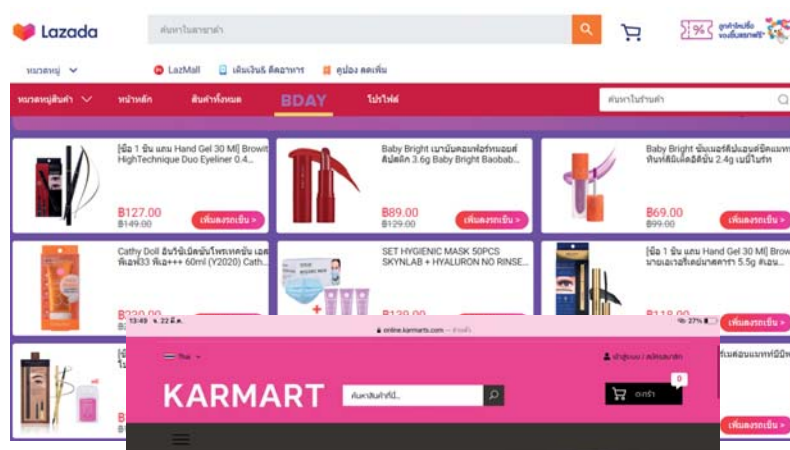
KARMART SHOP MYANMAR

5. Online

Social Media is currently the most important communication tool predisposing consumers' buying behavior, and KARMART penetrates this channel with invasive marketing efforts comprising delivery of extensive product information across the internet, thus allowing consumers to shop with utmost convenience anywhere at any time via E-commerce platforms. The company designs and builds the online sales channels upon critical founding aspects of offering prompt responses to meet customer needs, building and preserving positive relationships with customers as well as increasing brand loyalty. There are 3 types of online channels which have been established presently:

- KARMART Online Store: www.karmarts.com
- Social Commerce:
 - o LINE Official Account: @karmart and @karmarts_onlineshop
 - o Facebook and Instagram Official Account: karmartsclub
 - o Facebook and Instagram Account of other KARMART'S house brands
- Electronic Marketplace: Lazada, Shopee, Konvy, ShopAT24, JD Central, Buzzebees, etc.

Moreover, the Company plans to enhance the online sales channel with the development of Mobile Application that provides seamless buying experiences for consumers and better reach out to target customers, as well as the implementation of CRM system to build strong Customer Loyalty.



KARMART

Marketing Communication

1. Communication Channel

To maximize the impact of marketing communication, KARMART taps on a variety of communication channels for diverse forms of public relations and to reach out to a greater volume of receivers simultaneously. The selection of communication channels is based upon individual media's ability to conform to the right mood and tone, selling points and benefits of the products, together with trademark symbol of each brand under KARMART's roof. A summary of communication channels adapted are as follows:

1.1 Offline media

1.1.1 Print media

Integrated print media facilitates direct communication with all target consumers through advertisement in newspapers, books and magazines, tie-in of products with selective columns and timely broadcasts of company's public relation activities, along with media interviews to introduce and promote new products.

1.1.2 Television (TV) media (Focusing on TV Advertising)

1.1.2.1 TV Commercial

As one of the dominant mediums with outreach well-spreading across various gender, age and income levels, TV Commercial (TVC) is one of the primary communication tools KARMART undertakes to expand brand recognition locally and abroad. Thus far, the company has utilized both Free TV and Digital TV channels such as 33 HD, Thairath TV, New18, ONE, GMM, etc.

1.1.2.2 Product Placement

The product placement is an effective marketing strategy that establishes and reinforces brand awareness through the appearances in television, film, and other digital medias. In 2020, the company focused on the use of product placement in television shows as a result of which the brands received greater national presence.

1.1.2.3 Media Interview

Media interview is an essential part of KARMART's public relations campaign as it offers an excellent opportunity to showcase the company's portfolio and its new series of products.



Cathy Doll CC Cream_New Look



Baby Bright Baobab Comfort Moist Lipstick



Cathy Doll Nude Matte Lipstick & Glow Gel Tint



Baby Bright Baobab Comfort Moist Lipstick



"พิธี - สมนะ ปักถึงงานก็จัด Cathy Doll เหน้!"



Cathy Doll ULTRA LIGHT SUN FLUID SPF50 PA++++



Cathy Doll Speed White CC Cream



Cathy Doll Speed White CC Cream

1.1.3 Out-of-Home Media

1.1.3.1 Mupi Advertising media

Maximum Urban People Informed or Mupi is a small-scale advertising media which can effectively build brand recognition and is omnipresent in Bangkok and other big cities. This media offers coverage across all residential neighborhoods and commercial areas.

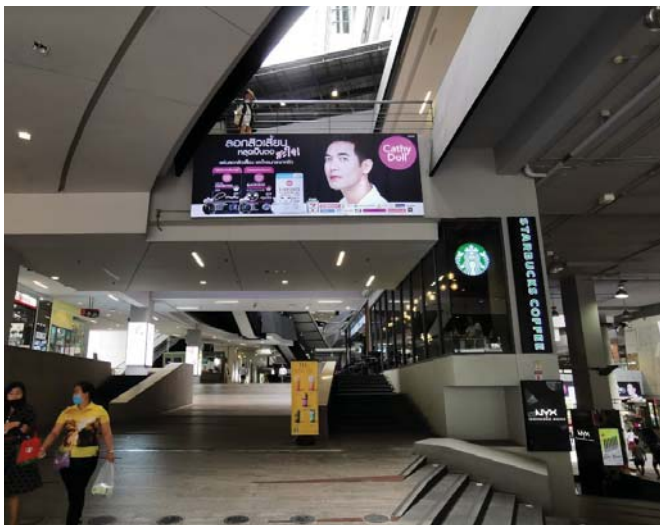
1.1.3.2 Transit Shelter Advertising

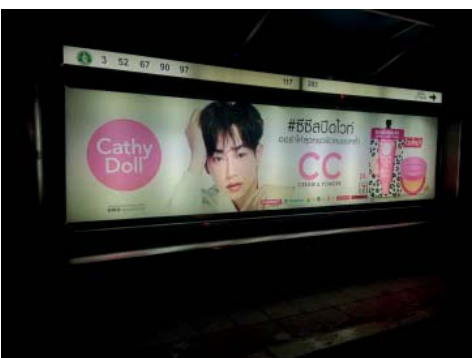
Transit shelter displays are outdoor advertising media that can attract attention from afar. A powerful tool in establishing recognition of brand, this media is normally available along main streets and most of the popular locations locally e.g. main road intersections, big markets or crowded areas in Bangkok.

1.1.3.3 Mobile Advertising Media

Bus Wrap is one form of mobile advertising media and is the general strategy adopted to utilize various bus routes around Bangkok, including its outskirts and surrounding provinces which are accessible to the mass public as the buses travel across diverse areas, making it an excellent tool to raise awareness of the brand.

1.1.4 In-house digital ads





1.2 Online media

In view of the communication mechanics in modern digital age, online media, of which social media is the main focus, is a key communication channel used to prove the effectiveness of advertising and cannot be neglected as it is the most effective tool in reaching out to KARMART's target consumers – the young and modern. Hence, great focus and substantial resources are dedicated to online media. Starting from year 2018, the Company redirected marketing communication focus onto online platforms and launched a diversified portfolio of online events, including Short Film Commercial, Product Review, Facebook Ad, Instagram, Twitter, Tiktok Post and Livestream Shopping. Online accounts for the above mentioned forms of online media are briefly elaborated as follows:

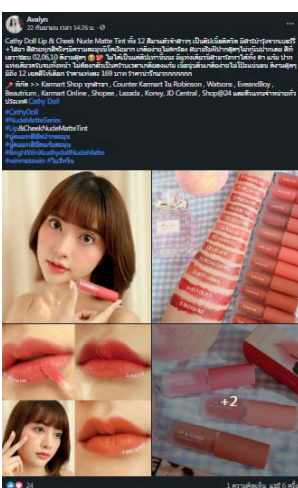
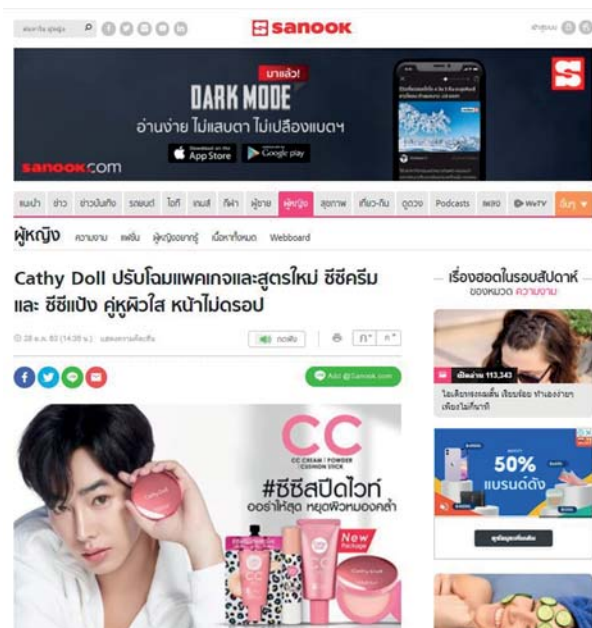
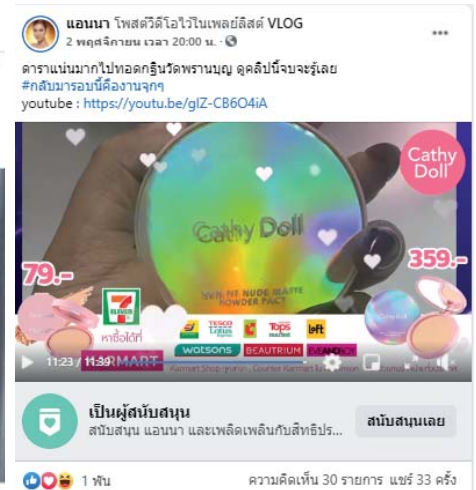
1.2.1 Influencer and Key Opinion Leader (KOL)

Influencer / KOL

- Beauty Blogger
- Instagrammer
- Youtuber
- TikToker
- Popular Facebook Page
- Internet Idol
- Beauty leaders on other websites

Online Advertising

- YouTube
- Google
- Facebook
- Instagram
- Twitter



Facebook: Karmartsclub, Cathy Doll, Baby Bright, Jejuvita, Reunrom Everyday, Skyntlab_Official

Instagram: Karmartsclub, Babybrightclub, Jejuvita_supplement, Reunromeveryday, cathydollclub, Skyntlab_Official,

Website: www.karmarts.com

Youtube: KarmartsClub

Twitter : Cathydollclub, Babybrightclub, SKYNLAB_Official, Jejuvita_supplement

Tiktok : CathyDollclub, Babybrightclub, SKYNLAB_Official

2. Marketing communication activities

2020 witnessed the showcase of many exceptional milestones of KARMART through events organized with the aim of better reaching out to KARMART supporters and the mass consumers, elevating brand value and loyalty as well as boosting sales performance through promotions.

2.1 BABY BRIGHT x KRIST-SINGTO “Destiny Calls Season 2 ปักหมุดฟินอินจี๊ดนัก@CHIANGMAI”: With the triumphant launch of movie premiering events "BABY BRIGHT x KRIST-SINGTO Destiny Calls" Season1 & 2 in Bangkok, along with wonderful feedback from fans of Krist – Peerawat Seangpothirat and Singto – Prachaya Reungroj, the 2 hottest actors of all time, BABY BRIGHT x KRIST-SINGTO Season 2 “Destiny Calls @CHIANGMAI” was held at Major Cineplex CentralFestival Chiangmai on 18 January 2020, with the ultimate aim of skyrocketing brand recognition in northern Thailand and escalating sales of Baby Bright's products such as powder foundation with UV protection and face serum. Honored by the attendance of both domestic and overseas fans, this event marked a substantial milestone in terms of marketing campaigns, taking brand awareness to the whole new level.



2.2 BABY BRIGHT COLOR LIPSTICK x HISO COSMETICS LOPBURI: Hosted by one of Thailand's leading beauty stores HISO COSMETICS, this sales promotion and public relation event launched under BABY BRIGHT brand was held at HISO COSMETICS Lopburi branch on 21 February 2020 and was graced by the presence of renowned actress Patt – Napapa Tantrakul together with special guest Gulf – Kanawut Traipipattanapong, one of the most outstanding actors in Thailand. By simply purchasing the required cosmetic products including Baobab Comfort Moist Lipstick, Cotton Matte Lipstick, and Watermelon & Tomato Matte BB Cream SPF45 PA++, participants earn the chance to become one of the 8 lucky winners who will receive a quick makeover from Patt using Baby Bright's lipstick products and take an individual picture with Gulf. Filled with laughter and love coming from the support of an impressive number of fans and target audience, the event achieved considerable success, accomplishing its primary goals of increasing product sales and building brand awareness.



2.3 BABY BRIGHT COLOR LIPSTICKS x EVEANDBOY: As a part of a sales promotion and public relation, Baby Bright co-organized with Eveandboy, a Thai leading beauty store, a Facebook Livestream focusing on COLOR LIPSTICKS products including Baobab Comfort Moist Lipstick and Cotton Matte Lipstick. The event was graced by Patt – Napapa Tantrakul, an all-rounded Thai celebrity who shared with us her secret makeup techniques, together with Minddmakeup, one of the trendsetting makeup artists of the year
Date/ Time/ Venue: 3 July 2020, at Eyeandboy Siam Square 1 branch



2.4 Cathy Doll Super Clean Super Protectionx2: Cathy Doll held a successful launch of a new skincare product and debuted Weir – Sukkolawat Kanarot as the new presenter of 3-formula peel-off mask series which are namely Whiteheads Cleansing Black Clay Mask, Blackheads Cleansing White Clay Mask, and Charcoal Nose Cleansing Strip – all of which effectively remove impurities and clogged pores to achieve clear, brightened and firm skin. The debut event also introduced Jiraporn Buranapong or Saipan Sp as Cathy Doll's new presenter for Ultra Light Sun Fluid SPF50 PA++++, a paraben-free and colorant-free fluid sunscreen that shields skin from scorching UV rays and is formulated with Aloe Vera to deliver a radiant-looking complexion which makes one ready to face the glaring sun throughout the day! During the Q & A session, the two presenters exclusively shared their skincare regimen and secrets to achieve a perfect, acne-free skin with the attendees, along with useful tips and tricks to protect the skin against harmful sun rays and environmental assaults. Thereafter, the event was followed by a group photo session of KARMART's directors and the winners from "CLEAN & CLOSE UP" lucky draw activity.

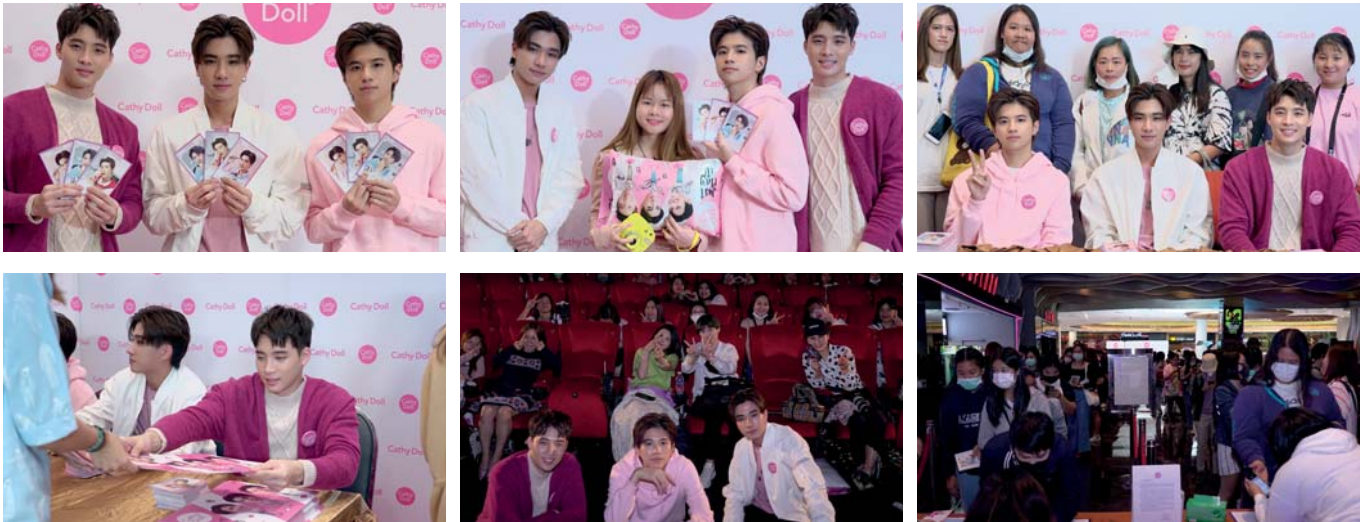
Date/ Time/ Venue: 15 July 2020, Karmarts Public Co. Ltd., Headquarters at 17.30 – 18.30 h



KARMART

2.5 CATHY DOLL "LOVE INTENTION 1ST ON TOUR" with Perth-Mean-Plan ended beautifully with precious memories thanks to the participation of irresistible heart-throbbing presenters: Tanapon Sukumpantanasan (Perth), Phiravich Attachitsataporn (Mean), and Rathavit Kijworaluk (Plan).

Date/ Time/ Venue: 1 February 2020, Chiangmai



2.6 CATHY DOLL LOVE INTENTION with Perth-Mean-Plan was successfully organized and filled with countless unforgettable moments under the tremendous influence of the undeniably handsome presenters: Tanapon Sukumpantanasan (Perth), Phiravich Attachitsataporn (Mean), and Rathavit Kijworaluk (Plan)

Date/ time/ venue: 15 February 2020, Khon Kaen



2.7 1 Million Pieces Sold of Skinny Brow Pencil Virtual Celebration with Tanapon Sukumpantanasan (Perth) representing Cathy Doll's eyebrow products.

Date/ Time/ Venue: Saturday, 2 May 2020 at Karmarts Public Co. Ltd., Headquarters.

2.8 Cathy Doll Exclusive FB Live with PLAN – Rathavit Kijworaluk was conducted as a virtual sales campaign to promote and increase the sales of Cathy Doll's evergreen hero product Cathy Doll Speed White CC Cream SPF50+ PA+++.

Date/ Time/ Venue: Sunday, 19 July 2020 at Karmarts Public Co. Ltd., Headquarters



2.9 "CATHY DOLL NUDE MATTE SERIES #BETTER2GETHER" LAUNCHING AND PRESENTER DEBUTING EVENT with "Bright – Vachirawit Chivaaree" and "Win – Metawin Opas-iamkajorn" ended on a successful note on Friday, 24 July, 2020, achieving the aim of promoting the latest Nude Matte series of products: Skin Fit Nude Matte Foundation, Skin Fit Nude Matte Foundation Pact Spf30 pa+++, Nude Matte Lipstick, Lip & Cheek Nude Matte Tint, Glow Gel Tint, and Nude Matte Blusher.

Date/ Time/ Venue: Friday, 24 July, 2020 at the grand ballroom, on the 1st floor of Anantara Siam Bangkok hotel



2.10 "CATHY DOLL SPEED WHITE CC SERIES #ULTIMATE RADIANCE": Cathy doll flawlessly delivered a new packaging launch event "Speed White CC Series" while introducing Peck – Palitchoke Ayanaputra as the new product presenter. The main objective was to promote Speed White CC products which are Speed White CC cream SPF50 PA+++, Speed White CC powder pact SPF40 PA+++ and CC Cushion Stick.

Date/ Time/ Venue: Sunday 8 October, 2020 at the meeting room 1 – 3, on the 7th floor of Iconsiam, Bangkok



KARMART

2.11 LIVE GIVEAWAY WITH NICOLENE: Nicolene – Pichapa Limsnukan hosted an online giveaway on Anna Celebeauty's YouTube channel on 18 September, 2020 for the purpose of promoting Jejuvita's skin dietary supplements.



2.12 "LIVE VIDEO CALL FIN FROM HOME": with Kao – Supassra Thanachat was conducted via Kao's Instagram [SUPASSRA_SP] on 18 September, 2020 to promote a sales campaign targeted to boost Jejuvita's products' sales.



2.13 Jejuvita Brand Strategy Seminar: On 2 October, 2020, Jejuvita organized a thought-provoking conference on the brand's marketing strategy in association with the numerous leading Traditional Traders at Royal Orchid Sheraton hotel. The interactive sessions were seamlessly conducted to deliver value to all present and Kao – Supassra Thanachat, the ambassador of Jejuvita, also shared her valuable expertise during the workshop.



2.14 BABY BRIGHT COLOR LIPSTICK x LOVE YOU BEAUTY: Another marvelous Baby Bright event in 2020 was a sales promotion and public relation activity held in collaboration with LOVE YOU BEAUTY agent store at Chaiyaphum province. Brimming with joy and laughter, the event which took place on 3 August, 2020 was a spectacular success particularly because of the adorable fans and target customers who were eager to engage in multiple fun activities seeking for lucky winners to participate in exclusive segments with a beauty queen and multi-talented actress Pat – Napapa Tantrakul who represents Baby Bright's lipstick products namely Baobab Comfort Moist Lipstick and Cotton Matte Lipstick.



2.15 Baby Bright LIVE WITH GUN FUN & FIN #3: This mini exclusive meeting held by Baby Bright at Karmarts Public Co. Ltd., Headquarters was simultaneously broadcasted on the Facebook Page of the brand, aiming to increase Lipstick products' sales. Happening on 26 August 2020, and joined by charming presenter, Atthaphan Phunsawat (Gun), the event ended smoothly, receiving fantastic feedback from the endearing fans, some of whom were selected as the lucky winners of an earlier competition event. Thanks to them, this close-up fan meeting event overflowed with love and happiness, certainly a memorable memory for all.



2.16 SKYNLAB in Delivery of Beautiful Smile and Fresh Breath Thailand Vlog Tour At Chiangmai was executed with the participation of 4 leading actors from "A Chance to Love", a sequel to Love by Chance series: Tanapon Sukumpantanasan (Perth), Phiravich Attachitsataporn (Mean), and Rathavit Kijworluk (Plan), and Ravipon Sa-Nga worawong. The key objectives were to enhance brand recognition as well as raising product sales, all of which were well achieved by the end of the event.



3. Corporate Social Responsibility (CSR) activities

With Corporate Social Responsibility viewed as a core aspect of our corporate culture which is also critically reflected in the Company's mission statements, KARMART is committed to responsibility to the society at large and motivated to perform social services on a continuous basis. We aim to consistently fulfil our responsibility by utilizing internal teams and through collaboration with external social entrepreneurs or any other entity with a passion for giving back to the society. We firmly believe CSR is the key to a progressive Thailand society that can sustain developments in the long run.

Throughout 2020, KARMART engaged in multiple CSR activities to contribute and raise awareness towards the less fortunate in the society. Owing to the announcement of a mandatory use of face masks stemming from the ongoing spread of COVID-19, people are required to wear mask on a daily basis in public sphere and, as a result, resulted in a dramatic shortage of the product which impacted the healthcare system significantly. Acknowledging the importance of face masks, KARMART took immediate action in response to the critical shortage of surgical masks. On 7 December 2020, Mr. Wiwat Theekhakhirikul, the Director, Chief Executive Officer, and Chairman of the Board and Mr. Wongwiwat Theekhakhirikul, Assistant Managing Director – Management and Business Development, together with Mean – Phiravich Attachitsataporn, a renowned multi-talented actor from famous TV series "A Love By Chance" jointly donated 100,000 pieces of face masks in the name of SKYNLAB brand to the Siriraj Hospital Foundation to help alleviate the stress of medical professionals who work on the front lines against the great pandemic.

Furthermore, we also made a donation of BABY BRIGHT and SKYNLAB products in collaboration with an all-rounded Thai actress and model Pu – Praya Lundberg to the needy groups of the society which were tremendously affected by the unprecedented pandemic, such as the low-income earners, the indigent and the elderly living in impoverished rural areas across the capital.

Apart from the above, the company also partnered with casts from "A Chance To Love" series to donate personal care and hygiene products, including toothpaste sachets to Donchan Temple in Chiangmai province on behalf of SKYNLAB brand.



Future Projects and Plans

Here at KARMART, significant improvements in overall business operations were achieved in 2020, and they were only made possible because the company launched and executed innumerable strategic initiatives targeted at enhancing product development, expanding sales channels and improving brand awareness, etc.

In 2021, the company shall set out to achieve 4 milestones closely integrated with our mission of expanding domestically and internationally and continue to make outstanding steps towards our vision of becoming one of the world's leading beauty providers.

1. Consumer Aspect

The primary goal with regards to the consumer aspect is to secure KARMART's leading market position and further increase market share with carefully planned marketing strategies. Customer relationship building will also remain as another key focus as we target to continuously capture new market segments.

- Raise benchmark regarding selection of outsourced production facilities and ensure only the best quality ingredients are used to manufacture the best products to sustain credibility, confidence and trust among consumers.
- Launch marketing events which focus on strengthening brand loyalty and providing customers with delightful experiences and further partake in Corporate Social Responsibility (CSR) activities.
- Secure high value business partners to expand distribution and logistics networks extensively and further increase product accessibility to deliver greater convenience for consumers.
- Advance standards of product quality and shelf life and standardize product label under governmental regulations to give greater security and ease for consumers, including improving effective delivery system to keep up with customers and markets demands nationwide.

2. Product Aspect

In pursuit of our ambition to be the unique beauty solution provider for all, KARMART will continue to place strong emphasis on product research and development and expand our wide-ranging signature lines, including inventing distinctive products and concepts to fulfill the ever-changing needs of today's modern consumers.

- Create innovation

With utmost dedication to creativity and innovation, the Company opines that product innovation should not only deliver exciting user experiences for customers and should also come furnished with the highest product quality. Therefore, we will continue to strive for product superiority and bring to our customers the most revolutionary experiences along with highest quality assurance. Potential business partners along the innovation chain are constantly engaged with the Company to develop innovative products as well as create more opportunities and differentiation to match customer needs with reasonable prices.

- Expand product line

Due to the ongoing COVID-19 pandemic situation, surgical mask has become an essential tool for all, and this has indirectly led to a decline in other consumer products including makeup. Despite the forecast that consumer products are not likely to be drastically affected in the long run and will likely continue to achieve growth, the Company has since seized the opportunity to manufacture and add surgical masks to its product line to alleviate the risk and substitute the reduction of sales in beauty products.

- Develop new brands

Fulfillment of customer needs through product diversity is the key element which drives the company. By expanding product variety without compromising the unique styles and concepts of existing products, KARMART shall further expand product lines by collaborating with renowned influencers and celebrities as well as developing more brands and concepts to reach new target consumers in order to secure all consumer groups.

- Strengthen research and development

Through the strategic collaboration with JKOS Laboratories Company Limited, one of the leading cosmetic manufacturers, fragrance packaging company and supplier of beauty accessories, KARMART is well equipped to bring our research and development function to the next higher level and work towards international standards and certifications.

3. Enhance Brand Awareness

With the implementation of a 360-degree pervasive marketing strategy, KARMART will further intensify brand awareness and brand accessibility by going Above the Line (ATL) as well as Below the Line (BTL). The basis which guided the strategy lies in the fact that the success or failure of a cosmetic product comes from consumers' confidence level, both in terms of brand image and product quality.

Moving forward, KARMART aims to invest more resources in strengthening brand recall/ brand recognition by choosing the right mix of advertising tools as well as timing and frequency. An appropriate mix of out-of-home medias and online medias that have influential impacts on consumer lifestyle and behavior, together with selection of the right brand endorsers that matches characteristics of KARMART brand in pursuit of advancing and leveraging KARMART brand image both as an organizational corporate identity as well as product and service attributes.

4. Create Sustainable Value for Stakeholders, Customers, Business Partners, Employees, and Community

As a corporation, we believe that values are only sustainable if they benefit all aspects of the community a business operates in. Internally, ethics persist as fundamental basis of KARMART's business and we plan to better oblige ethical decision-making through transparent work processes, critical management control and regular risk assessment together with forward-looking commitment on addition of value to company's operations which augment shareholders' value. The Company also has upheld social responsibility towards the communities as well as incorporating business cooperation with entrepreneurs, related parties, including those interested in steering or participating in projects which will lead to society development, prosperity and sustainability within and beyond Thailand.

READY 2 WHITE



LIGHTENING MILKY MASK SHEET 雪肌焕白牛奶面膜

This nourishing mask sheet offers nutrients to the skin with the blend of orange, lemon, Vitamin B3 and Daisy that helps gently exfoliate inactive skin cells for radiant and smooth complexion.

萃取橙子、柠檬、维生素B3及雏菊成分，融合为润肤焕颜的滋养面膜，帮助温和去角质，润养肌肤，敷出嫩滑，焕发容颜。



MILKY TONE UP EYE SERUM 牛奶亮眸眼部精华滚珠

This eye serum comes in handy with an easy-to-use roller form to help enhance liveliness to the eye areas for youthful appearance with the combination of milk, Vitamin B3 and Jojoba Oil.

此款眼部精华特采用了易于使用的滚珠设计，融合了牛奶精华、维生素B3和荷荷巴油，焕发眼周肌肤青春活力，明眸亮彩。

2 STEPS FACIAL MASK TO HELP ILLUMINATE YOUR SKIN WITH A RADIANT GLOW 美白焕肤2步曲



+



=



1. Gentle milky
peeling gel
1.牛奶成分
温和去角质凝胶

2. Milky
mask sheet
2.牛奶
美白面膜

Smooth
and radiant skin
臻白焕亮



Reduces
dark circles
淡化黑眼圈



Rejuvenates
eye areas
焕发眼周青
春活力



Prevents
wrinkles
淡化细纹

Cathy Doll

DETAILS OF DIRECTOR, MANAGEMENT AND AUTHORIZED PERSON



DETAILS OF DIRECTOR, MANAGEMENT PERSON



Remark : * Means authorized signatory director as announced in Company's Affidavit



DETAILS OF DIRECTOR, MANAGEMENT AND AUTHORIZED PERSON



Mr. Wiwat Theekhakhirikul *

Age 68 Year

Position

Director, Chief Executive Officer and Chairman of the board

Educational Background

Bachelor's Degree of Political Sciences Major in Political, Ramkhamhaeng University
National Defense College Class 2547

Number of Share 204,083,788 Shares 23.191%
As at March 12, 2021



Lt.Gen. Kobboon Vichit

Age 74 Year

Position

Director and Audit Committee Chairman

Educational Background

Master of Public Administration,
National Institute of Development Administration

Number of Share (x) -
As at March 12, 2021



Mr. Kraiwit Satayapiwat *

Age 64 Year

Position

Director, Deputy Managing Director of Manufacturing and Warehouse

Educational Background

Bachelor of Engineering Major in Mechanical,
Chulalongkorn University

Number of Share 28,000 Shares 0.003%
As at March 12, 2021



Mr. Prasit Dheeraratbongkot

Age 66 Year

Position

Director and Audit Committee

Educational Background

B.ENG (EE) Chulalongkorn University
Directors Certification Program (DCP62)
Thai Institute of Directors

Number of Share 75,200 Shares 0.009%
As at March 12, 2021



Puttithorn Jirayus, PhD.

Age 45 Year

Position

Director and Audit Committee

Educational Background

PhD (English Program) in Business
Administration Institute of International
Studies - Ramkhamhaeng University
MBA Major in Management at Sasin Graduate
Institute of Business Administration of
Chulalongkorn University
B.B.A in International Marketing American
Intercontinental University(London)

Number of Share 25,200 Shares 0.003%
As at March 12, 2021



Mr. Wongwiwat Theekhakhirikul *

Age 38 Year

Position

Director and Assistant Managing Director -
Management and Business Development

Educational Background

Bachelor of Engineering,
Chulalongkorn University

Number of Share 2,184,620 Shares 0.248%
As at March 12, 2021



Mr. Parit Teekakirikul

Age 38 Year

Position
Director

Educational Background

Master of MSc in Construction Management,
University of Reading, UK
B.B.A. Bachelor Engineering Major Civil
Engineering Chulalongkorn University

Number of Share 33,025,200 Shares 3.753%
As at March 12, 2021



Mr. Seah Sin Loo

Age 70 Year

Position
Director

Educational Background

Secondary

Number of Share 25,200 Shares 0.003%
As at March 12, 2021



Mr. Kattanant Yaphanich

Age 38 Year

Position
Director

Educational Background

Master of Laws (LL.M.), National Institute
of Development Administration(NIDA) in 2020
Bachelor of Arts (Political Science),
Ramkhamhaeng University in 2006
Bachelor of Laws, Assumption University
(ABAC) in 2005

Number of Share (%) -
As at March 12, 2021



Mrs. Tussanee Auncharoen

Age 66 Year

Position
Deputy Managing Director of
Accounting and Finance

Educational Background

Bachelor of Education (B.Ed.), Major
Mathematics, Sri Nakharinwirot University
Bachelor of Business Administration
Major General Management,
Sukhothai Thammathirat University

Number of Share 259,866 Shares 0.030%
As at March 12, 2021



Mrs. Chonthida Sathawornwicht

Age 40 Year

Position
Assistant Managing Director-Marketing

Educational Background

MBA Major in Marketing at Sasin Graduate
Institute of Business Administration of
Chulalongkorn University
Bachelor of Accounting Faculty of
Institute of Business Administration of
Chulalongkorn University

Number of Share 456,000 Shares 0.052%
As at March 12, 2021



Ms. Suwannee Tharacheevin

Age 56 Year

Position
Assistant Managing Director-Accounting

Educational Background

Bachelor of Business Administration Major
Accounting, Sukhothai Thammathirat University
Bachelor of Business Administration (B.B.A),
Major General Management,
Sukhothai Thammathirat University

Number of Share 25,200 Shares 0.003%
As at March 12, 2021



Mrs. Aunruen Arunvisavakul

Age 62 Year

Position

Assistant Managing Director-
Warehouse and Distribution

Educational Background

Bachelor of Liberal Arts Major Management,
Bansomdejchaopraya Rajabhat University

Number of Share 25,200 Shares 0.003%
As at March 12, 2021



Mr. Phawat Chalermphongjatuporn

Age 58 Year

Position

Assistant Managing Director-
Sales Operation

Educational Background

Bachelor of Political Science,
Ramkhamhaeng University

Number of Share (%) -
As at March 12, 2021



Mr. Pongwiwat Theekhakhirikul

Age 37 Year

Position

Assistant Managing Director-
Marketing and Product Development

Educational Background

Bachelor of Architecture,
Chulalongkorn University

Number of Share 535,200 Shares 0.061%
As at March 12, 2021



Mrs. Somsri Viriya

Age 52 Year

Position

Accounting Director

Educational Background

Bachelor of Business Administration Major
in Accounting, Sukhothai Thammathirat
University

Number of Share 19,200 Shares 0.002%
As at March 12, 2021



Mr. Satjapong Yongkulrote

Age 38 Year

Position

Business Development Director-
Information Technology

Educational Background

Bachelor of Engineering,
Chulalongkorn University

Number of Share 43,200 Shares 0.005%
As at March 12, 2021



Ms. Wei Xiuqing

Age 37 Year

Position

Business Development Director-
China Region

Educational Background

Business IT and Law,
Nanyang Technological University

Number of Share (%) -
As at March 12, 2021



Ms. Nattanan Muansing

Age 37 Year

Position

Sales Operation Director-
Modern Trade Convenience Store

Educational Background

Bachelor of Applied Science Major
Bioindustrial, King Mongkut's University of
Technology North Bangkok

Number of Share 19,200 Shares 0.002%

As at March 12, 2021



Ms. Suchaya Dadsanthia

Age 44 Year

Position

Sales and Operation Director-
Traditional Trade

Educational Background

Master of Business Administration
Ramkhamhaeng University
Bachelor of Mass Communication
Ramkhamhaeng University

Number of Share (%) -

As at March 12, 2021



Ms. Phatchara Sivipapong

Age 37 Year

Position

Marketing Director

Educational Background

Master of Business Administration
at RMIT University
Bachelor of Art in Business Chinese
at Assumption University

Number of Share (%) -

As at March 12, 2021



Ms. Seetala Kimsroi

Age 40 Year

Position

Product Development Director

Educational Background

Bachelor of Communication Arts, Faculty
of Management Science, Suan Dusit University

Number of Share (%) -

As at March 12, 2021

RISK FACTORS

The company has financial risk management policy as described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, finance lease receivables, loans to and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, finance lease receivable, loans to and other receivables as stated in the statements of financial position.

Foreign currency risk

The Company and its subsidiaries are exposed to foreign currency risk arising mainly from trading transactions that are denominated in foreign currencies which agreement on payment is in USD, while selling all products in Thai Baht. Apparently, The risk is from currency exchange rate devaluation. However, total amount of bank overdrafts and short-term loans in year 2020 and 2019 was around USD 4, 3 million and is not likely to be increased. However, if the purchasing value of foreign goods increases in the future, the company will consider using currency forward contract in a case by case basis.

The significant balance of financial assets and liabilities denominated in foreign currencies as at December 31, 2020 was USD 3.70 million with an average exchange rate of 30.0371 Baht/USD. (2019: USD 2.57 million with an average exchange rate of 30.1540 Baht/USD)

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, short – term and long – term loans, bank overdrafts, borrowings with interest bearing. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date (if this occurs before the maturity date). according to the financial statement remark No. 36.1: Interest rate risk.

Risk for being in highly competitive industry and product imitations

The cosmetics and skincare business is considered to be in a highly competitive industry. There are new local and foreign entrepreneurs who import products from asian countries like Korean and Japan, targeting the same group of customers as the companys which increases the risk of losing the market shares. In addition, many new players sell counterfeit goods or illegal parallel import products which might affect the companys income as a whole.

Nevertheless, the company strengthens brand awareness, sustains long term customer loyalty, increases public relation which lead to companys competitiveness. Emphasizing on the packaging and product quality will increase the customers confidence and decrease the chance of goods being counterfeited.

Risk of inventory devaluation

Cosmetics and skincare products always change in demand and popularity. In 2020 and 2019, the company has an average inventory of 21.56% and 19.72% of all assets respectively and has an average selling period of 124 days.

The company reserves devaluation of inventory aged between 1 – 3 years of Baht 14 million and another Baht 25 million for inventory aged more than 3 years. With constant sales and marketing clearance promotions, the company expects that the risk is relatively low.

THE CONNECTED TRANSECTIONS

Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group. They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations.

The Connected Transactions

As 31 December 2020 an acquisition of goods and services Baht 16 million, Interest expenses Baht 1 million, purchases of good Baht 2 million, under normal commercial terms and conditions trade and other receivables-related persons and parties Baht 11 million, long-term loans to related party Baht 2 million, trade and other trade payables-related persons and parties Baht 1 million short-term loan from related Baht 30 million. The company and its subsidiaries had employee benefit expenses of their directors and management Baht 33 million which had been disclosed in notes to financial statements in topic 9, 10.

Necessities and Reasons of Connected Transactions

The company made some connected transactions with certain connected companies for business purposes and of ordinary prices that applied to all customers. So such transactions were truly made in accordance with necessity of normal operation. As for the acquisition or disposition of assets The Audit Committees agreed that the said transactions are justifiable and beneficial to the company. As the mentioned transactions will provide additional value to the company. The related and mutual supported business which is in the ordinary course of business and under normal commercial terms and conditions. The board members who have none of relations with the company agreed in this new capital increment which seemed to be beneficial to the company's business expansion and by contributing to the branding efficiency, Karmarts needs to justify prices under normal commercial terms and conditions. Nevertheless, the Board members who have relations with the company would not participate and have no rights to vote in the meeting as well.

Procedures on the Connected Transactions

The company entered into the connected transaction as the usual course of business according to the contract terms with fair prices as applied to ordinary customers and the approval procedures normally used for ordinary customers were strictly applied.

The guarantee obligation for the related company were considered and approved by the Board of Directors and Shareholders.

Policy and Trend of Transactions with Related Companies in the Future

Connected transactions are made for normal operation of business, with fair value. Hence trend of transactions depends on business growth and changes in the future.

| บุคคลที่เกี่ยวข้อง | At March 12, 2021 | | Subsidiary | | Associates | | Subsidiary of the Associate | | | | Joint venture | | Subsidiary of the Associate | | | | | |
|----------------------------------|---------------------------------|----------|------------------------------------|----------|-------------------------------------|----------|---|----------|-----------------------|----------|------------------|----------|---|----------|--------------------------|----------|----------------------------|----------|
| | Karmarts Public Company Limited | | J Kos Laboratories Company Limited | | The Iconic Property Company Limited | | The Iconic Property Phetazain, Bangwaed Condominium, The Iconic Property Charan Sanit Wong 13 | | Pa Donphutsa Co.,Ltd. | | Karmarts Vietnam | | Ruenrom Food and Beverage Company Limited | | The Iconic Property Aree | | The Iconic Property Bangna | |
| | %Share | Position | %Share | Position | %Share | Position | %Share | Position | %Share | Position | %Share | Position | %Share | Position | %Share | Position | %Share | Position |
| | | | | | | | | | | | | | | | | | | |
| 1. Karmarts Plc. | - | | 70.00 | | 33.33 | | - | | - | | 49.00 | | | | | | | |
| 2. Theekhakhrikul' Group | | | | | | | | | | | | | | | | | | |
| 2.1 Mr. Wiwat Theekhakhrikul | 23.191 | Director | | | | Director | 0.01 | Director | 6.25 | Director | | | | Director | | | | |
| 2.2 Mr. Wongwiwat Theekhakhrikul | 0.248 | Director | | | | | | | 3.75 | Director | | | | | | | | |
| 2.3 Mr. Pongwiwat Theekhakhrikul | 0.061 | | | | | | | | 3.75 | | | | | | | | | |
| 2.4 Mr. Polkrit Theekhakhrikul | 4.533 | | | | 16.66 | | | | | | | | | | | | | |
| 2.5 Mr. Parit Teekakhrikul | 3.753 | Director | | | 16.67 | Director | 0.01 | Director | | Director | | | | | | 16.67 | 65.90 | Director |
| 2.6 Ms. Viamol Theekhakhrikul | 4.083 | | | | | | | | | | | | | | | | | |
| 2.7 Ms. Narapan Theekhakhrikul | 0.060 | | | | | | | | 3.75 | | | | | | | | | |
| 2.8 Ms. Chomada Theekhakhrikul | 0.014 | | | | | | | | 3.75 | | | | | | | | | |
| 3. Mr. Kraiwit Satayapiwat | 0.003 | Director | | Director | | | | | | | | | | | | | | |
| 4. The Iconic Property Co.,Ltd. | | | | | | | 99.97 | | | | | | | | | | | |
| 5. Other | 64.054 | | 30.00 | Director | 33.34 | Director | 0.01 | Director | 75.00 | Director | 51.00 | Director | 100.00 | | 83.33 | | 34.10 | |
| Total | 100.000 | | 100.00 | | 100.00 | | 100.00 | | 100.00 | | 100.00 | | 100.00 | | 100.00 | | 100.00 | |

| นสรมาร | Karmarts Public Company Limited | | J Kos Laboratories Company Limited | | The Iconic Property Company Limited | | The Iconic Property Condominium, The Iconic Property Charan Sanit Wong 13 | | Pa Donphutsa Co.Ltd. | | Karmarts Vietnam | | Ruenrom Food and Beverage Company Limited | | The Iconic Property Aree | | The Iconic Property Bangna | |
|---------------------------------|---------------------------------|-----------------------|------------------------------------|-----------------------|-------------------------------------|-----------------------|---|-----------------------|----------------------|-----------------------|------------------|-----------------------|---|-----------------------|--------------------------|-----------------------|----------------------------|-----------------------|
| | Karmarts Public Company Limited | | J Kos Laboratories Company Limited | | The Iconic Property Company Limited | | The Iconic Property Condominium, The Iconic Property Charan Sanit Wong 13 | | Pa Donphutsa Co.Ltd. | | Karmarts Vietnam | | Ruenrom Food and Beverage Company Limited | | The Iconic Property Aree | | The Iconic Property Bangna | |
| | CEO | Director ^A | MD | Director ^A | MD | Director ^A | MD | Director ^A | MD | Director ^A | MD | Director ^A | MD | Director ^A | MD | Director ^A | MD | Director ^A |
| 1. Mr. Wiwat Theekhakhriruk | ✓ | ✓ | | ✓ | | ✓ | | ✓ | | ✓ | | | | ✓ | | | | |
| 2. Mr. Wongwiwat Theekhakhriruk | ✓ | ✓ | | ✓ | | | | | | | | | | | | | | |
| 3. Mr. Pongwiwat Theekhakhriruk | | | | | | | | | | | | | | | | | | |
| 4. Mr. Kraivit Satayapiwat | ✓ | | | ✓ | | | | | | | | | | | | | | |
| 5. Mr. Parit Teekakirikul | | | | | ✓ | | ✓ | | | ✓ | | | | | | | ✓ | |

Remark: Director^A Meant authorized signatory director

SHAREHOLDERS STRUCTURE

The company has its capital registration of Baht 528,000,000 which commons 880,000,000 share of par value 0.60 Baht and the paid – up capital Baht 527,998,810 or common stock of 879,998,016 share.

| Shareholders' name | Amount | % Owned |
|--|--------------------|----------------|
| 1. Theekhakhirikul Group | 316,306,474 | 35.944 |
| Mr. Wiwat Theekhakhirikul | 204,083,788 | 23.191 |
| Mr. Polkrit Teekhakhirikul | 39,893,333 | 4.533 |
| Ms. Woramol Teekhakhirikul | 35,933,333 | 4.083 |
| Mr. Parit Theekhakhirikul | 33,025,200 | 3.753 |
| Mr. Wongwiwat Theekhakhirikul | 2,184,620 | 0.248 |
| Mr. Pongwiwat Theekhakhirikul | 535,200 | 0.061 |
| Ms. Narapan Theekhakhirikul | 530,000 | 0.060 |
| Ms. Chonrada Theekhakhirikul | 121,000 | 0.014 |
| 2. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH | 30,649,733 | 3.483 |
| 3. UBS AG SINGAPORE BRANCH | 30,000,000 | 3.409 |
| 4. Thai NVDR Co., Ltd | 26,653,301 | 3.029 |
| 5. Mr. Aekkarith Aeksamith | 25,009,333 | 2.842 |
| 6. Mr. Thammarith Aeksamith | 24,638,000 | 2.800 |
| 7. Mr. Chalermdech Leewongcharoen | 21,135,966 | 2.402 |
| 8. Mr. Pramote Pasawong | 11,353,900 | 1.290 |
| 9. Miss Malee Kittichochot | 10,400,000 | 1.182 |
| 10. PHILLIP SECURITIES PTE LTD. | 10,000,000 | 1.136 |
| 11. Other | 373,851,309 | 42.483 |
| Total | 879,998,016 | 100.000 |

Remark : Shareholder's name and percentage of shareholding as shown above is the same as the closing date of the securities register on March 12, 2021 by the information of Thailand Securities Depository Co., Ltd.

Share capital

On 22 April 2013, the Annual General Meeting of the shareholders passed a resolution to approve an increase of the registered share capital of the Company from Baht 360 million (600 million ordinary shares of Baht 0.60 each) to Baht 396 million (660 million ordinary shares of Baht 0.60 each) for the purpose of reserving the issuance of the said newly issued warrants. The Company registered the increase of its share capital with the Ministry of Commerce on 25 April 2013.

During 2014, the Company received additional share subscription totaling Baht 72.1 million as a result of the exercise of warrants as discussed in Note to consolidated financial statement No 28. The Company registered the increase in its paid up share capital of Baht 21.6 million with the Ministry of Commerce on 6 February 2014 and 14 May 2014 (36 million ordinary shares of Baht 0.60 each) and the remaining Baht 50.5 million has been recorded as share premium in the statements of financial position.

On 8 May 2013, the Company issued 59,997,956 warrants (KAMART-W1) to subscribe the Company's ordinary shares, at a price of Baht zero each in a ratio of 1 warrant for 10 existing ordinary shares. The warrants are exercisable within 1 year from the issuance date at the last business day of July 2013, October 2013, January 2014 and on 6 May 2014, in a ratio of 1 warrant to 1 new ordinary share, with an exercise price of Baht 2 per share. The warrants are negotiable instrument which entered in the name certificated. The warrants exercising of rights had ended on 7 May 2014 were exercised to purchase the Company's ordinary 659,568,809 shares. The remaining 431,191 shares were not exercised.

The Board of Director's Meeting No.1/2017 on 27 February 2017 this year dividend will also be issued in the form of ordinary share totaled of 219,856,270 shares to the current shareholders at the ratio of 3 current share for 1 dividend shares. And the Offering of newly issued share of Karmarts Public Company Limited to Directors, Managers and/or Employees of the Company (ESOP Scheme). The Board of Director had resolved to the annual General Meeting of shareholders for the year 2017.

On 27 April 2017, the Annual General Meeting of the shareholders passed the resolutions to approve the following matters:

1. To decrease the registered capital of the Company by cancelling the registered ordinary shares remained from the exercise of the issued warrants (KAMART-W) to subscribe the Company's ordinary shares of 431,191 ordinary shares with a par value of Baht 0.6 each, issued on 8 May 2013. The Company registered the capital reduction with the Ministry of Commerce on 4 May 2017.

2. To increase the registered capital from the previously registered capital of Baht 395.74 million to the newly registered capital of Baht 528 million by issuing an additional 220.43 million ordinary shares at a par value of Baht 0.60 each to support the stock dividends and offering of shares to director, management and/or employees of the Company. The Company registered the capital increase with the Ministry of Commerce on 5 May 2017.

On 26 May 2017, the Company paid stock dividend through issuance of 219.86 million ordinary shares at a par value of Baht 0.60 each or totaling Baht 131.91 million. The Company registered the increase in its paid up share capital from such stock dividend with the Ministry of Commerce on 6 June 2017.

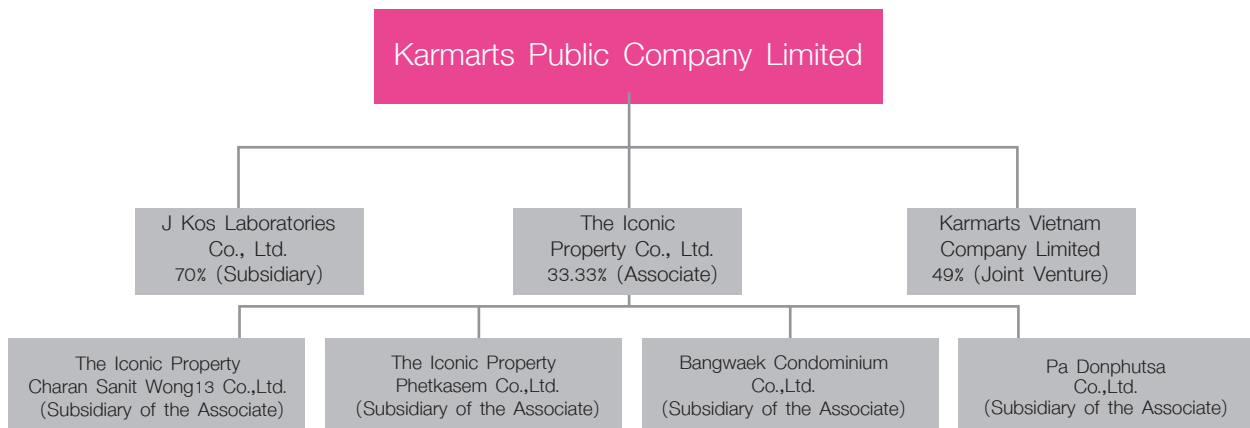
During the second quarter of this year, the Company registered the increase in its paid up share capital from the exercise of ESOP scheme with the Ministry of Commerce on 6 June 2017 (574,921 ordinary shares of Baht 0.60 each).

Dividend payment policy

The company will pay dividend on 50% of net profit as per profit and loss statement of individual company after deduct the statutory reserve that is not less than 5% of net profit until that reserve will not less than 10% of the capital registered. The statutory reserve is not available for dividend distribution. At the statutory reserve has fully been set aside.

| Dividends | Approved by | Total dividends (Thousand Baht) | Dividend per share (Baht) |
|---------------------------------|--|------------------------------------|------------------------------|
| Stock dividends for 2019 | Annual General Meeting of the shareholders on 5 May 2020 | 61,600 | 0.07 |
| Interim dividends for 2020 | Board of Directors' meeting on 14 May 2020 | 26,400 | 0.03 |
| | Board of Directors' meeting on 10 August 2020 | 26,399 | 0.03 |
| | Board of Directors' meeting on 13 November 2020 | 35,199 | 0.04 |
| Total dividends for 2020 | | 149,598 | 0.17 |
| Final dividends for 2018 | Annual General Meeting of the shareholders on 26 April 2019 | 61,546 | 0.07 |
| Interim dividends for 2019 | Board of Directors' meeting on 13 May 2019 | 61,598 | 0.07 |
| | Board of Directors' meeting on 9 August 2019 | 61,600 | 0.07 |
| | Board of Directors' meeting on 12 November 2019 | 61,599 | 0.07 |
| Total dividends for 2019 | | 246,343 | 0.28 |

INVESTMENT STRUCTURE AND TYPE OF BUSINESS IN RELATED



Juristic person which the Company hold at least 10%

| | Type of business | Registered capital | Paid-up capital | Company's stake |
|---|---|--------------------|-----------------|-----------------|
| J Kos Laboratories Co., Ltd. Location : 261/1 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel. : 0-2805-2756-60 Fax. : 0-2805-0251-2 | Manufacturing of skin care, cosmetics, fragrances, cosmetics accessories and the like | 10,000,000 | 10,000,000 | 70.00% |
| The Iconic Property Co., Ltd. Location : 83 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel. : 0-2805-2756-60 Fax. : 0-2805-0251-2 | Property development (Hotel, Resort and Condominium) | 213,090,000 | 213,090,000 | 33.33% |
| Karmarts Vietnam Company Limited Location : Vietnam | Wholesale and retail business of cosmetics | 400,000US\$ | 200,000US\$ | 49.00% |

During the first quarter of current year, the said associate established its three subsidiaries which are The Iconic Property Charan Sanit Wong13 Co.,Ltd., The Iconic property Phetkasem Co.,Ltd. and Bangwaek Condominium Co.,Ltd. Each subsidiary has the registered share capital of Baht 1 million and is engaged in property development business.

As at 31 December 2017, the company had commitments amounting to approximately Baht 3.00 million in respect of the unpaid share in J Kos Laboratories Company Limited (2016 : Baht 4.5 million).

During the second quarter of current year additional investment Baht 3 million in full amount.

MANAGEMENT STRUCTURE

Names of Director, Audit Committee, Management and Secretary as consisted of following:

| Name | Director | Audit Committee | Executive Director | Management | Secretary |
|--------------------------------------|----------|-----------------|--------------------|------------|-----------|
| 1. Mr. Wiwat Theekhakhirikul* | / | - | / | / | - |
| 2. Lt.Gen. Kobboon Vichit | / | / | - | - | - |
| 3. Mr. Kraiwit Satayapiwat* | / | - | / | / | - |
| 4. Mr. Prasit Dheeraratbongkot | / | / | - | - | - |
| 5. Puttithorn Jirayus, Ph.D. | / | / | - | - | - |
| 6. Mr. Parit Teekakirikul | / | - | - | - | - |
| 7. Mr. Wongwiwat Theekhakhirikul* | / | - | / | / | - |
| 8. Mr. Seah Sin Loo | / | - | - | - | - |
| 9. Mr. Kattanant Yaphanich | / | - | - | - | - |
| 10. Mrs. Tussanee Auncharoen | - | - | - | / | - |
| 11. Mrs. Chonthida Sathawornwichit | - | - | - | / | - |
| 12. Ms. Suwannee Tharacheevin | - | - | - | / | / |
| 13. Mrs. Aunruen Arunvisavakul | - | - | - | / | - |
| 14. Mr. Phawat Chalermphongjaturporn | - | - | - | / | - |
| 15. Mr. Pongwiwat Theekhakhirikul | - | - | - | / | - |
| 16. Mrs. Somsri Viriya | - | - | - | / | - |
| 17. Mr. Satjapong Yongskulrote | - | - | - | / | - |
| 18. Ms. Wei Xiuging | - | - | - | / | - |
| 19. Ms. Nattanan Muansing | - | - | - | / | - |
| 20. Ms. Suchaya Dadsanthia | - | - | - | / | - |
| 21. Ms. Phatchara Sivipapong | - | - | - | / | - |
| 22. Ms. Seetala Kimsroi | - | - | - | / | - |

Remark: * Means authorized signatory director as announced in Company's Affidavit

Board of Directors – Roles and Responsibilities

The Board of Directors, comprising of 9 members, is appointed to oversee the operation and execution of management division to ensure compliance with Laws and Regulations, Objective and Articles of Associations of the Company, shareholders' resolutions, as well as monitoring and ensuring that work executed by management division are done with probity, honesty and utmost safeguard to the best of company's interests.

Audit Committee – Roles & Responsibility

The Audit Committee comprises 3 independent directors all of whom are experienced in field of accounting and financial review, and is appointed to monitor and evaluate business activities of the company in accordance with roles and responsibilities as outlined in Audit Committee Charter, such as to review financial statements and internal controls, ensure compliance with applicable laws and simplified regulations of Securities Exchange and provide Audit Committee report that will be disclosed in Annual Report, Official and Company's Regulations.

Executive Committee – Roles and Responsibilities

The Executive Committee, consisting of 3 directors, is appointed by Board of Directors to manage and oversee overall business of the company for and on behalf of the Board of Directors.

KARMART

Management Team – Roles and Responsibilities

Managing Director is designated by Board of Directors to be in charge of supervising overall management activities of the company in order to lead business growth and provide maximum benefits for shareholders. The Managing Director is empowered to appoint Management Team to effectively carry out the company's business in compliance with business plans and policy.

Directors and Management Team Appointment

The company has in place a Directors' Selection Procedure in which the Board of Directors will propose the name and subject the proposal to approval by shareholders at the shareholder meeting. One vote is granted to every shareholder who has at least one share and the approval process will follow decision reflected by the majority votes according to section 70 of the Public Limited Company Act, B.E. 2535 (1992).

The Board of Directors consists of five representatives from the corporate shareholders and is made up of one Foreigner Shareholder, two Independent Directors and one Executive Director.

In terms of the management team, the Board of Directors will appoint the highest ranking personnel within the management hierarchy from the Chief Executive Officer to the Director level and below that; the responsibility will follow the chain of command.

Although the company's Board of Directors has no representative of minority shareholders who legitimately possess voting rights, the company maintains independent directors who are competent and qualified to preserve the minority shareholders' interests.

Remuneration of Board's Members and Executives

Remuneration for a member of the Board of Directors in terms of meeting allowances and other benefits are as follow.

| Name | Baht | |
|----------------------------------|---------|---------|
| | 2020 | 2019 |
| 1. Mr. Wiwat Theekhakhirikul | 80,000 | 80,000 |
| 2. Lt.Gen. Kobboon Vichit | 220,000 | 210,000 |
| 3. Mr. Kraiwit Satayapiwat | 40,000 | 30,000 |
| 4. Mr. Prasit Dheeraratbongkot | 130,000 | 130,000 |
| 5. Puttithorn Jirayus, PhD | 130,000 | 130,000 |
| 6. Mr. Parit Teekakirikul | 40,000 | 40,000 |
| 7. Mr. Wongwiwat Theekhakhirikul | 40,000 | 40,000 |
| 8. Mr. Seah Sin Loo | – | – |
| 9. Mr. Kattanant Yaphanich | 40,000 | 40,000 |
| Total | 720,000 | 710,000 |

The Board of Director's remuneration for the year 2020 was kept within Baht 5 million whereas Audit Committee Chairman received Baht 20,000 per meeting, while Independent Audit Committee received Baht 10,000 per meeting, Chairman of the Board of Directors received Baht 20,000 per meeting, and the rest of the members received Baht 10,000 per meeting.

Remuneration for company's Directors and Management team in year 2020 was Baht 33 million and the previous year was aggregated Baht 37 million. The sums are in terms of salary, bonus, transportation expenses and employee benefits.

Others allowance for Directors and Management team.

None.

Good Corporate Governance Policies

1. Report on Good Corporate Governance

The Board of Directors is well aware of the importance of Good Corporate Governance principles and has placed it as a top priority as well as established a set of policies, guidelines and principles for the company to implement transparency and enhance competitive capability, in order to ensure reliability for shareholders, investors and related parties, and which cover prime matters as follows:

- Equal and fair treatment for all shareholders and stakeholders.
- Forward-looking commitment on addition of value to company's operations in the long run, prudent and thorough management as well as responsible, competent and effective execution to maximize shareholders' value while preventing any conflict of interest.
- Transparency and accountability in operation, adequate disclosure of information to all related parties.
- Awareness of risks in all business aspects and implementation of appropriate risk management strategies.
- Establishment of moral and ethical guidelines for company's directors and staff to adhere.

2. Shareholders Rights

Company places a high priority on Shareholders' Rights which are stipulated in the company's Articles of Association such as the right to access company information, right to vote, fair treatment and facilitation in shareholders' meeting.

3. Stakeholders Rights

Company also places utmost importance on all groups of Stakeholders Rights such as reliable and timely disclosure of information for dissemination to all stakeholders and fair treatment without taking advantage of counterparties, related parties and all staff.

4. Shareholders' Meetings

Another top priority is our Shareholders' Meetings as stipulated in Company's articles of Association. The Company has explicitly crafted the guidelines for organizing shareholders' meeting, facilitating and disseminating news and relevant information to the shareholders adequately and on equal basis.

5. Leadership and Vision

The Board of Directors proactively leads the establishment of company's vision, obligation, goal, business plan and budget considerations as well as supervising the management team to ensure that all operations are conducted efficiently and effectively as planned and within budgets provided. The Board of Directors also instituted an Internal Audit and control system as well as risk management measures, and set up regular monitoring mechanism to follow up on consistency of operations.

6. Conflicts of interest

In order to prevent conflicts of interest, the Board of Directors has drawn up ethical guidelines for directors to follow. The directors shall execute their duties while avoiding conflicts that may arise between personal and company interests in order to maximize management efficiency.

The avoidance of conflicts of interest is mainly concerned about deriving personal benefits from directorship and not using company information in a wrong manner. To this, the Board of Directors has assigned the Audit Committee to inspect directorial implementations and file report in cases where conflicts of interest may potentially arise.

7. Business Ethics

Board of Directors has established moral and ethical guidelines which have been disseminated to all executive directors and staff to abide. This practice is intended to foster consciousness for a moral and ethical job performance, leading to satisfactory internal audit and control, which are interconnected.

8. Checks and Balance of Non-Management Board Members

Company's Board of Directors consists of 9 members as follows;

- Directors who are the management members 3 persons.
- Independent Directors who also serve in Audit Committee 6 persons.

9. Aggregation or Segregation of Positions

The Chairman of the Board of Directors is not an Independent Director and does not concurrently hold Managing Director position of the company as allocated. These two separate positions are accompanied by two distinct sets of corresponding roles and duties.

Managing Director has sole right to manage and supervise company's operation as assigned and under supervision from the Board of Directors.

10. Remuneration of Board's Members and Executives

The remuneration consists of meeting allowances and bonuses in accordance to the business operation results achieved every year and within the budget approved by shareholders.

Remuneration of the Board Members and Executives is set according to the policy of Management Team relative to the overall operating results and every member's performance.

11. Board of Directors' Meeting

The Board holds regular meetings quarterly and will hold collateral meetings when it is necessary with clearly specified agenda to continuously inspect quarterly implementation and performance of company's operations. The Board's secretary sends out meeting invitation with agenda and related documents to the directors prior to the scheduled meetings to allow sufficient preparation time and each meeting normally takes 3 hours. During year 2020, the Board held 5 regular meetings as indicated in the following details.

| Name | Board of Audit Committee | Board of Director | | | Remark |
|----------------------------------|--------------------------|-------------------|------------------------|-------|---------|
| | | Ordinary Meeting | Extra Ordinary Meeting | Total | |
| 1. Mr. Wiwat Theekhakhirikul | – | 5/5 | – | 5/5 | Foreign |
| 2. Lt.Gen. Kobboon Vichit* | 9/9 | 5/5 | – | 5/5 | |
| 3. Mr. Kraiwit Satayapiwat | – | 5/5 | – | 5/5 | |
| 4. Mr. Prasit Dheeraratbongkot* | 9/9 | 5/5 | – | 5/5 | |
| 5. Puttithorn Jirayus, PhD* | 9/9 | 5/5 | – | 5/5 | |
| 6. Mr. Parit Teekakirikul | – | 5/5 | – | 5/5 | |
| 7. Mr. Wongwiwat Theekhakhirikul | – | 5/5 | – | 5/5 | |
| 8. Mr. Seah Sin Loo | – | –/5 | – | –/5 | |
| 9. Mr. Kattanant Yaphanich | – | 5/5 | – | 5/5 | |

Remarks: Meeting attendance = No. of particular member's presence for the meeting for the year/Total no. of meeting held for the year.

* refers to Independent Directors who is Audit Committee member.

12. Subcommittees

The company's Board of Directors appoints subcommittee to oversee the company's business as follows.

Audit Committee: Presently appointed via the Board of Directors' Meeting No. 1/2012 held on January 20, 2012 whereby Lt.Gen. Kobboon Vichit was appointed as the Chairman of Audit Committee while Mr. Prasit Dheeraratbongkot and Puttithorn Jirayus, Ph.D. were appointed to hold Audit Committee Director positions.

Audit Committee has held a total of nine meetings in Year 2019 and responsibly reported to the Board of Directors (according to the details in the topic 11 "Board of Directors' meeting").

13. Internal audit and Control systems

The Company has put in place an effective internal audit and control system to cover the operations comprehensively by supervisory, management and executive personnel at all levels.

The Audit Committee is authorized by the Board of Directors to check the accuracy of Financial Statements, the adequacy and efficiency of internal audit and control system, risk management and the fulfillment of other relevant duties.

The Company has assigned the Audit Office to examine financial, managerial, operational and information systems to assure all related parties that the implementation effectively complies with laws and company's regulations. Additionally, in order to ensure the effectiveness of Internal Audit execution in terms of independently inspecting and counterbalancing, the Board of Directors has allocated the Internal Audit to directly report inspection results to Audit Committee as well as receiving performance appraisal from the committee.

14. Report of the Board of Directors concerning financial statements and information

The Board of Directors is responsible for the financial statements and information reported in the Annual Report. All financial statements published are prepared in accordance with acceptable accounting principles within Thailand. Such preparation has been applied with transparent accounting procedures and with the intention to disclose sufficient information in the Notes to financial statements. The Board of Directors realizes the necessity of having complete and accurate accounting information in order to affirm that the company's financial system has been following good corporate governance philosophy to prevent undesirable consequences, either illegal actions or significant errors.

To achieve these goals, the Board of Directors appointed the Audit Committee, consisting of non-managing directors, to oversee the disclosure of significant information and financial statements together with qualified auditor. In conclusion, the Audit Committee opines that the company's internal controls are satisfactorily reliable to deliver confidence for both internal and external parties.

15. Investor Relations

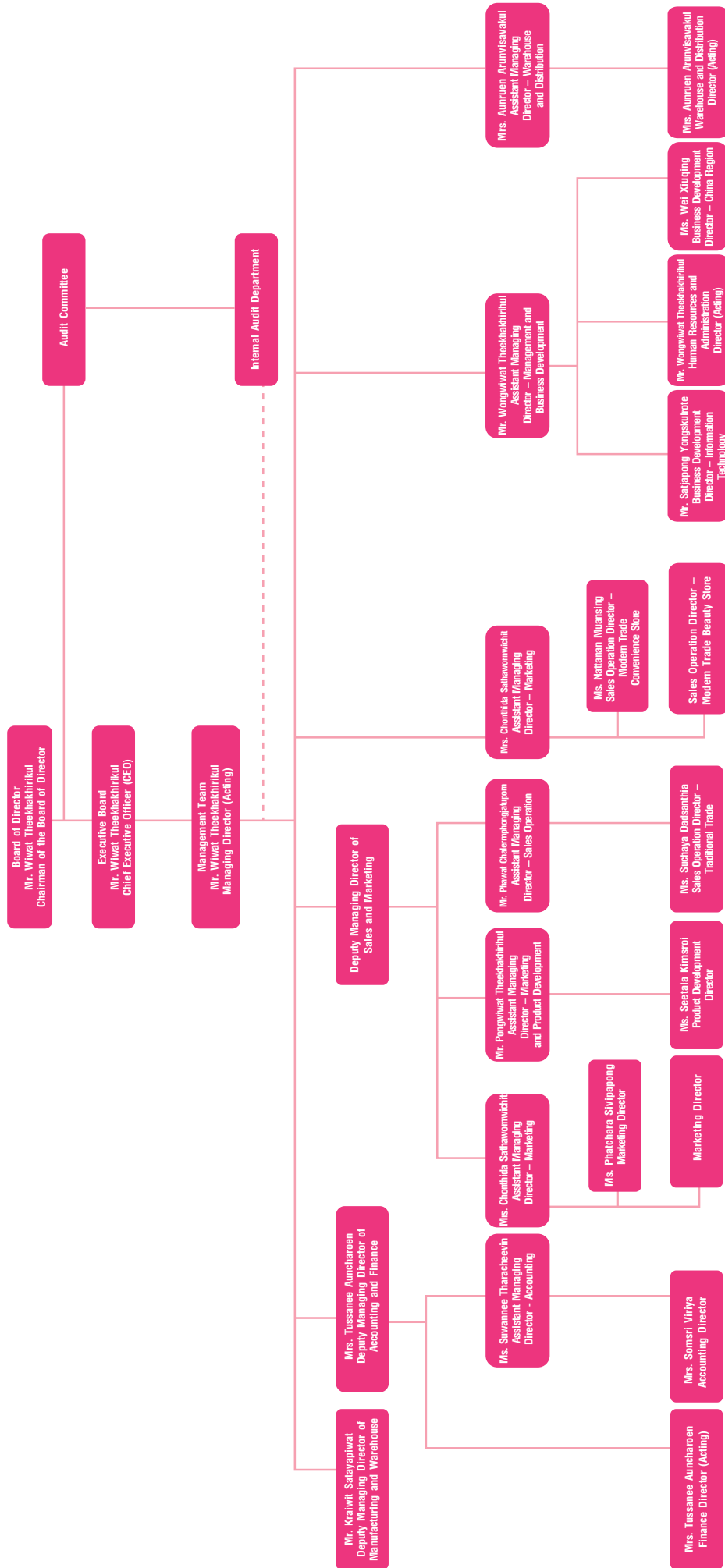
The Company is committed to foster mutually beneficial relationships with and to disclose important company information to the investors. Although the Company has not set up an Investor Relations Unit, the Information Relation section or its associated Executive Director has been tasked to communicate and promote productive ties between the company and its shareholders, investors, and analysts as well as business reporters. All investors can also access company information via hotline 0-2805-2756-60 or by visiting www.karmarts.co.th.

Assessing the Internal Information

The Company opines that all board members and management executives have high ethics and do not misuse any internal and proprietary information for personal benefits. As penalty is an ineffective prevention, therefore the Company has no written policy on this matter.

Nevertheless, the Company has accorded priority to monitor and secure internal information access and usage, identifying that only authorized person or high level executives are allowed to access internal information with shareholders' approval and specific limitations. In addition, the company has designated the Public Relation Office or the high level management to be entitled to provide information to public.

KARMARTS PUBLIC COMPANY LIMITED ORGANIZATION CHART



PERFORMANCE REPORT OF THE AUDIT COMMITTEE FOR THE YEAR 2020

Dear : Shareholders of Karmats Public Company Limited,

3 qualified members have been appointed by the Board of Directors to assume positions as Audit Committee Members and whose names are as follow:

- | | |
|--------------------------------|-----------------------------|
| 1. Lt.Gen.Kobboon Vichit | Chairman of Audit Committee |
| 2. Mr. Prasit Dheeraratbongkot | Audit Committee Member |
| 3. Puttithorn Jirayus, PhD | Audit Committee Member |

With Mrs. Kanokorn Siriarunporn (Internal Audit Manager) assuming position as secretary to the Audit Committee, the Audit Committee carried out its duties according to the Audit Committee Charter, complying with the rules and regulations of the Securities and Exchange Commission Thailand (SEC) and Stock Exchange of Thailand (SET), in order to ensure good corporate governance and efficiency in the Internal Audit Process which ensured maximal benefit of transparency for shareholders and that the management team carried out their duties ethically and with honesty. The summary of the key duties carried out in 2020 are as follow:

1. Review of financial statements – The Audit Committee reviewed the accuracy, completeness and reliability of the financial statements and the consolidated financial statements of the company and its subsidiaries both quarterly and yearly for 2020 which has, in entirety, been reviewed and audited by the Auditor Certified Public Accountant (EY Office Limited). The accounting executives had regular and prompt joint discussions with the Auditor in terms of the accuracy of all financial representations and facilitated adjustments of key accounting matters which might have an impact on the consolidated financial statements to ensure the accounting system and financial reports are prepared in accordance with generally accepted accounting principles and disclose in timely manner.

In addition, the Audit Committee held one meeting with the external auditors without the participation of the company's management to facilitate open consultation on various issues from the financial statements and to demonstrate independence of the external auditors and the internal audit unit.

The audit committee opines that the process of accounting and financial reporting of the company demonstrates adequate accuracy according to accounting and financial standards and disclosure of information was made on continuous basis and at appropriate timings.

2. Review of business transactions – The Audit Committee inspected and evaluated business transactions, and ensured that decisions made by the Executive Committee were in compliance with good corporate governance and that transactions were made according to the regulations of Terms and Conditions of Trade which are disclosed in the financial statements and footnotes. Additionally, the audit committee has also affirmed that conflicts of interests were non-existent.

3. Review of compliance with law and regulations of SEC and SET, as well as other related law and good corporate governance frameworks – The Audit Committee assessed guidelines and assured the company practiced principles of good corporate governance. It was established that the company has adopted the approach of The Committee of Sponsoring of the Tread way Commission (COSO) 2013 and applied internal controls in both operation and administration aspects.

4. Review of internal audit practices – The Audit Committee inspected efficacy of the internal audit department and assured compliance to limitation of performance rights and independence to execute duties and approved work plans. Manpower of the Audit Office was also reviewed to ensure efficiency leading to effective audit plans covering all significant aspects.

In 2020, 8 annual meetings were executed and 1 collateral meeting was held to review suggestions, including significant observations and comments from the Audit Committee, which led to provision of useful protocols to effectively prevent error and manage potential risks that could affect the company, with which the Board of Directors and Executive Committee could better manage processes and business risks in a timely manner within the fast changing business environment and amidst any form of business disruption.

The Audit Committee is of the opinion that the internal audit system of the company is appropriate, adequate and independent, thereby facilitating the achievement of all goals of Internal Audit.

5. Assessment of Risk Management — The management team identified and analyzed risks that might affect the company's operations through regular quarterly meeting to review operation plan and set standards for risk management control, and key risks identified are as follow:

- Risk of investment.
- Risk of inventory impairment.
- Risk of implementation of Information Technology (IT) system.
- Risk of business competition and fast changing environment along with risks presented by counterfeit goods.
- Foreign exchange risk etc.
- Risk of COVID-19

The Audit Committee reviewed the risk management system of the company and provided feedback to ensure controllability and continued efficiency of the mentioned systems. In summary, the Audit Committee asserts that the company has put in place appropriate, sufficient and effective risk management systems.


6. Review of internal control system — The Audit Committee accorded high priority to suggested improvements on internal control system as well as audit plan from external and internal audit managers. The company approached and applied the regulations of The Committee of Sponsoring Organization of the Tread way Committee (COSO) 2013 and the Audit Committee opines, based on above-mentioned points (1 to 5), that the company has appropriate, adequate and independent internal control systems established. In addition to common audit issues, another major challenge that surfaced in 2020 relates to the effectiveness of internal control system in reacting to the impact of COVID-19.

Last year, Thailand encountered the unexpected eruption of a global financial crisis in the wake of the Coronavirus outbreak. Despite the great pandemic, the company successfully steered the business by virtue of an effective internal control system which ensured profitability and issuance of quarterly dividends to all shareholders though at a slightly lower rate than before. Furthermore, the Company maintained its workforce throughout the pandemic and was not reduced to having to conduct any layoff unlike many other entities, and none of the employees (638 persons) tested positive for COVID-19.

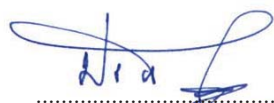
The committee is of the opinion that the company has an appropriate and sufficient internal control system that is well equipped to handle the expected growth and challenges of the company in the future.

7. Appointment of Auditor — The Audit Committee reviewed the qualifications of auditor prior to appointment and assessed the auditor's performance regularly in the past year. The company has applied suggestions, including significantly beneficial observations and comments from the Audit Committee which led to enhancements that effectively prevented error from occurring while maintaining highest level of compliance with law and regulations of SEC and SET, together with new Accounting Standards. In view of satisfactory operational results, the audit committee decided to propose to the board of directors for the continued appointment, subject to approval by the shareholders at the shareholder meeting, of EY Office Limited to carry out the Auditor Certified Public Accountant for the company in 2021 accordingly.

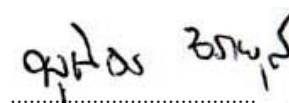
In conclusion, the audit committee of the company is of the opinion that the company has provided accurate and reliable financial statements according to financial accounting standards and disclosed in the notes of financial statements all necessary information according to the Accounting Professions Act B.E. 2547, adhered to good corporate governance supported with proper and adequate internal controls, along with compliance to the Law on Securities and Exchange Commission and the rules and regulations of SEC, SET, and other relevant legislation or regulatory bodies and conducted appropriate assessment of risk management in a systematic and effective manner, leading to the steady progress during times of rapid change and uncertainty.



(Lt.Gen. Kobboon Vichit)
Chairman of Audit Committee



(Mr. Prasit Dheeraratbongkot)
Audit Committee Member



(Puttithorn Jirayus, PhD)
Audit Committee Member

FINANCIAL AND OPERATING RESULTS ANALYSIS (MD&A)

1. Operating Results for the year ending December 31, 2020

1.1 Total revenues

During 2020, the Company had total revenues of Baht 1,326 million which consisted of;

- Baht 1,294 million on Sales which decreased by Baht 193 million or 12.98% from the previous year. The comprises of Baht 167 million on body care products, Baht 263 million on facial skin care products, Baht 764 million on cosmetics, Baht 30 million on accessories, Baht 49 million on furniture, marketing tools and other, Baht 21 million on food and beverage section.
- Income from warehouse rental and warehouse services amounted to Baht 21 million equal to last year.
- Gain on fair value adjustment of investment properties amounted to Baht 0.10 million decreased from the previous year by Baht 0.36 million.
- Other incomes totaled of Baht 11 million, decreased from the previous year by Baht 5 million or 31.25% which comprises of gain on currency exchange Baht 4 million, gain on disperse of assets Baht 1 million and others of Baht 6 million.

1.2 Cost of sales, Selling and administrative Expenses

During the year 2020, The Total Expenses was Baht 1,147 million which comprises of;

- Cost of sales amounted to Baht 638 million which decreased from the previous year by Baht 56 million or 8.07%. The cost of sales is directly proportional to the Sales Revenue. The gross profit margin was 50.70% which was similar to the previous year.
- Cost of warehouse rentals and warehouse services were Baht 0.04 million.
- Selling and Administrative expenses totaled of Baht 509 million which increased from the previous year by Baht 15 million or 3.04% which consisted of the selling expenses decreased by Baht 38 million in response to the market conitions. The administration expenses increased by Baht 53 million out of which Baht 22.11 million is Microsoft licensing fee incurred along with interests payable as ordered by the Civil Court of Thailand, write-off building Baht 16.51 million, deposit and delivery inventory Baht 5.78 million, expenses under the contract Baht 6.49 million.
- Share of gain (loss) from investments in joint venture and associate Baht (1.25) million decreased from the last year Baht 2.52 million because associate loss performance
- Finance income amounted to Baht 1 million decreased from the previous year by Baht 0.5 million.
- Finance cost of the Company on the interest expenses totaled of Baht 10 million equal to last year.
- Income tax expenses of Baht 34 million decreased from the previous year by Baht 31 million or 47.69%.

1.3 Profit

During the year 2020, the Company had 10.26% net profit of sales which decreased from the previous year 40.07%. In 2020; there was an epidemic of coronavirus 2019 the company has sale decreased by Baht 193 million but administrative expenses increased from the previous year by Baht 53 million out of which Baht 22.11 million is Microsoft licensing fee incurred along with interests payable as ordered by the Civil Court of Thailand, write-off building Baht 16.51 million, deposit and delivery inventory Baht 5.78 million, expenses under the contract Baht 6.49 million.

1.4 Rate of Return on Equity

The business operation profit during the year 2020 resulted in the rate of return on equity at 13.19% in the previous year 26.16% during the year 2020, the Company had decreased profit from operating activities.

2. Financial Status as at December 31, 2020.

1. Assets

1.1 Composition of Assets

The total assets at the year end 2020 was Baht 1,521 million which decreased from the previous year by Baht 66 million or 4.16%.

1.1.1 Current Assets amounted to Baht 703 million, decreased by Baht 63 million or 8.22% from the previous year.

The details are as follows;

- Cash and cash equivalents of Baht 9 million which decreased from the previous year by Baht 7 million because Net cash from operating activities Baht 251 million, net cash used in investing activities Baht 39 million and net cash used in financing activities Baht 219 million.
- Trade accounts receivable and other account receivable at Baht 323 million, decreased from the previous year by Baht 71 million or 18.02% due to the Company had decreased the sales due to the coronavirus epidemic situation.
- Current portion of finance lease receivables and finance lease receivables — net of current portion Baht 10 million increased from the previous year Baht 6 million 100%.
- Current portion of long — term loans to related party Baht 1 million, equal to last year from Company Limited which carried interests at a rate of 5.00 percent per annum.
- Inventory of Baht 328 million which comprises on consumer products and raw material which increased from the previous year by Baht 15 million or 4.79%
- Other Current Assets of Baht 37 million, decreased from the previous year Baht 4 million of 9.76%.

1.1.2 Non-Current Asset amounted to Baht 818 million which decreased by Baht 2.60 million or 0.32% from the previous year as follows;

- Long-Term Loans to related party-net of current portion Baht 1 million decreased from the previous year by Baht 1 million or 100% interests at a rate 5% per annum.
- Other non — current financial assets of Baht 8.00 million increased from the previous year by Baht 8.00 million because the list has been reclassified. The year 2019 has been other non — current assets.
- Investment in the subsidiary of Baht 190 million, equal to last year because the Company share of gain from investments in associate in The Iconic Property Company Limited.
- Properties Investment was at Baht 122 million, increased from the previous year by Baht 0.01 million or 0.08% because the investment properties of the Company represent land and building used for providing warehouse service. Their fair value has been determined based on the valuations performed by an accredited independent valuer, using the income approach.
- Property, Plant and Equipment — net amounted to Baht 443 million with an decrease from the previous year by Baht 30 million or 6.34% because the Company bought machinery and equipment Baht 16 million. Assets under installation and construction in progress increased Baht 16 million decorations and merchandise shelves of the branches Baht 7 million, increased depreciation Baht 34 million, write — off building Baht 17 million, and decreased from the previous year By Baht 16 million because the list has been reclassified to right — of — use assets.
- Land awaiting for future development Baht 8.28 million. The Company had land awaiting for future development amounting to Baht 8.28 million. The Company has placed land with net book value by Baht 3.2 million as collateral for short-term and long-term credit facilities granted by commercial banks.
- Right — of — use assets Baht 25.28 million include land Baht 0.74 million building Baht 12.94 million motor vehicles Baht 11.60 million increased from the previous year by Baht 25.28 million because 1 January 2020 reclassification to right — of — use assets due to the adoption of TFRS16
- Intangible Assets — net at Baht 2 million decreased from the previous year by Baht 0.50 million amortization during the year.

- Other Non-Current Assets was Baht 11 million decreased from the previous year by Baht 7 million or 38.89% because on December 22, 2014, the Company entered into an agreement to sell all of the inventories, that are related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X to a non-related party at a price of Baht 28.1 million (including VAT). This agreement requires the buyer to make payment to the Company in monthly installments, within 10 years. As at December 31, 2020, the Company had such account receivable balance of Baht 10.66 million (December 31, 2019 : Baht 14.03 million) with the portion due in over 12 months amounting to Baht 8.00 million (December 31, 2019: Baht 10.70 million) and classified as other non-current financial assets in the statements of financial position.

1.2 Quality of Assets

In 2020 trade and other receivables Baht 323 million or 18.02% of total assets. Account receivable average collection period was 106 days, increase from the previous year 15 days. (91 days in 2019) due to the fact that the cash sales for consumer goods had decreased, and instead increased on modern trade channels credit sales with 30 – 90 days term of payment.

An adequate reserve was set according to the prediction of non-collectable debt. The reserve for the year 2020 non-collectible debt was budgeted at 5.31% of the outstanding account receivable at the year-end.

Inventories Baht 328 million or 21.56% of total assets. Average inventory turnover of 124 days as same as the previous year (124 days in 2019).

Investment properties Baht 122 million or 8.02% of total assets by an accredited independent valuer, using the income approach. Key assumptions used in the valuation include discount rate, yield rate and long-term growth in rental rate.

2. Liquidity

2.1 Cash flows

In 2020, the Company's net cash flows cash and cash equivalents was Baht 9 million, compared to 2019 which was Baht 16 million, decreased by Baht 7 million net cash from operating activities Baht 251 million, net cash used in investing activities Baht 39 million as the Company purchase of land equipment and intangible assets, net cash used in financing activities Baht 220 million as the Company dividend paid short – term loans from related party and long – term loans from financial institution paid.

2.2 Liquidity Ratios

Current ratio (current asset/current liabilities) in 2020 was 1.61:1 which shows high liquidity as the Company's current assets can be easily cashed in a short period of time such as short-term cash or cash equivalents 1%, account receivables 21.26%, inventories 21.56% of total assets.

The company average debt collection period was between 106 days. Average inventory turnover of 124 days as same as the previous year due to the fact that Karmart products had a higher turnover.

2.3 Collection and Payment Periods

Average debt collection period was 106 days while average account payment period was 171 days. This is because the Company at present has selected the payment option by issuing the letter of credit through the commercial banking and prolonging the credit term around 120 – 180 days through the bank's granted Trust Receipt.

3. Investment Expenditure

During the year, the Company had in capital expenditures was mainly from the land, building machine and equipment at Baht 40.3 million for supporting the business growth.

4. Sources of funds

4.1 Capital Structure

In 2020, debt/equity ratio was 0.51:1 equal to last year 0.57:1. The company had total liabilities Baht 514 million decreased from the previous year Baht 51 million or 9.03% equity attributable to owners of the company Baht 999 million decreased from the previous Baht 16 million or 1.58% decrease in accordance with similar proportions.

4.2 Shareholders' Equity

In 2020, shareholders' equity increased by Baht 16 million to Baht 999 million from the operating profit during the year of Baht 132 million while the dividend payment was Baht 149 million and other comprehensive income for the year Baht 28 million.

4.3 Liabilities

The Company's total liabilities was Baht 514 million, decreased by Baht 51 million or 9.03% from the previous year.

Current Liabilities was Baht 438 million, decreased by Baht 44 million or 9.13% from the previous year.

The Details are as follows:

- Bank overdrafts and Short-term loan from bank was Baht 182 million, decreased by Baht 28 million from the Company's promissory notes decreased from the previous year Baht 16 million interest rate MLR-2.00 short-term loans from financial institutions decreased from the previous year Baht 12 million interest rate 1.86 – 3.00.
- Trade and other payables of Baht 146 million, decreased by Baht 4 million.
- Short-term loan from related party amounted Baht 30 million equal to last year from The Iconic property Company Limited interests at a rate 2% per annum.
- Current portion of Liabilities under financial lease agreements due within 1 year and Liabilities under financial lease agreements – net of current portion was Baht 26 million which increased by Baht 16 million or 16.00% the Company due to the adoption of TFRS16.
- Current portion of long-term loans from financial institution Baht 18 million equal last year a long-term of the Company under credit facilities of Baht 80 million, both principal and interest, is monthly repayable in 60 installments. The loan carries interest at a rate of 4.5% per annum.
- Income Tax Payable at Baht 19 million, decreased from the previous year of Baht 14 million due to the Company's decrease in net profit.
- Other Current Liabilities was Baht 32 million decreased from the previous year of Baht 4 million or 11.11% because decreased from retention and withholding TAX.

Non-current liabilities was Baht 76 million, decreased by Baht 7 million or 7.87% from the previous year,

The Details are as follows:

- Long-term loans from financial institution-net of current portion Baht 15 million decreased from the previous year of Baht 16 million or 51.61% a long-term loans of the Company under credit facilities of Baht 80 million, both principal and interest, is monthly repayable in 60 installments. The loan carries interest at a rate of 4.5% per annum.
- Provision had been made for long-term employee benefits of Baht 19 million, which increased from the previous year of Baht 2 million due to the new standard of accounting for employee benefit reservation No.19 had taken effect.
- Deferred Tax Liabilities at Baht 27 million, decreased by Baht 1 million or 3.57% from right-of-use assets and current portion of liabilities under finance lease agreements, liabilities under finance lease agreements – net current portion.

5. Factors and main influences which has significant impact on company's operations or its financial status in the future

The Executive Committee set up annual business plan and strategic actions to achieve its annual goals. These ensure that the Company is able to adjust its management style in a flexible manner to cope with significant factors which may affect the Company as listed below.

| Main Factors | Action Plan |
|--|--|
| 1. Sufficient procurement of products and changes in product trend and fashion | 1. The Company is capable of product adjustment to cope with the changing trend of product popularity and its procurement system can manage inventory level to service the changing demand and changing trend and fashion. |
| 2. Human Resources Development | 2. The Company supports Human Resources Development by providing adequate both internal and external training to increase employee skills and proficiency. |
| 3. The Price of products and Wages | 3. The Company has a special unit and system of procurement of raw material finished products from quality sources with competitive prices. |
| 4. Financial Assistant to Associated or Subsidiary companies and Contingent Liabilities in the future. | 4. In case of rendering financial assistant to the Associated or Subsidiary company, the Company completely and transparently follows the rules and regulations of SET and able to be audited. The independent directors are to review and monitor the Company's operations closely, for the most benefit of investors and stakeholders. |

REMUNERATION OF THE AUDITOR OF THE SUBSIDIARIES
PROFESSIONAL FEE

| Item | Office | Company Payment | Professional Fee | | |
|------|------------------------------|-------------------------------|------------------|------------------|------------------|
| | | | 2018 | 2019 | 2020 |
| 1 | EY Office Limited | Karmarts Plc. | 1,800,000 | 1,970,000 | 1,970,000 |
| 2 | EY Office Limited | J Kos Laboratories Co., Ltd. | 140,000 | 300,000 | 300,000 |
| 3 | Thai Audit The Truth Limited | The Iconic Property Co., Ltd. | 205,000 | 215,000 | 230,000 |
| | | | <u>2,145,000</u> | <u>2,485,000</u> | <u>2,500,000</u> |

OTHER FEE

– None –

**Karmarts Public Company Limited
and its subsidiary**
Report and consolidated financial statements
31 December 2020

Independent Auditor's Report To the Shareholders of Karmarts Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Karmarts Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Karmarts Public Company Limited for the same period.

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

Basis 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 Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

The revenue from sales is the most significant amount in the statement of income and is also the key indicator of business performance on which the users of financial statements focus. In addition, the Company has a large customer base. I therefore addressed the occurrence of revenue recognition as a key audit matter.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales documents to assess whether revenue recognition was consistent with the conditions of the sales, and whether it was in compliance with the Company's policy.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Company issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Provision for diminution in the value of inventories

Estimating the net realisable value of inventories, as disclosed in Note 11 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of obsolete and damaged inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. In addition, the Company has a large quantity and number of categories of inventory. There is thus a risk with respect to the amount of provision set aside for diminution in the value of inventories.

I assessed and tested the internal controls of the Company relevant to the determination of provision for diminution in the value of inventories by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by the management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing proceeds from sales transactions occurring after the date of the financial statements to inventory cost by product line.
- Comparing historical data of actual losses on sales and write-offs of inventories during the year to the provision for diminution in value of inventories recorded as at the preceding year-end.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 Thai Standards on Auditing, I exercise professional judgement 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 25 February 2021

Karmarts Public Company Limited and its subsidiary
Statement of financial position
As at 31 December 2020

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 9,259,791 | 16,089,467 | 7,914,213 | 13,564,091 |
| Trade and other receivables | 8, 10 | 323,330,052 | 393,795,794 | 330,321,131 | 401,143,350 |
| Current portion of lease receivables | 9 | 4,210,112 | 1,031,454 | 4,210,112 | 1,031,454 |
| Current portion of long-term loans to related party | 10 | 1,080,000 | 1,080,000 | 1,080,000 | 1,080,000 |
| Inventories | 11 | 327,947,404 | 312,975,925 | 310,997,543 | 300,497,298 |
| Other current assets | | 36,711,472 | 40,946,831 | 36,668,101 | 40,877,955 |
| Total current assets | | 702,538,831 | 765,919,471 | 691,191,100 | 758,194,148 |
| Non-current assets | | | | | |
| Lease receivables – net of current portion | 9 | 6,292,323 | 3,601,795 | 6,292,323 | 3,601,795 |
| Long-term loans to related party – net of current portion | 10 | 1,256,679 | 2,192,516 | 1,256,679 | 2,192,516 |
| Other non-current financial assets | 8 | 8,000,785 | – | 8,000,785 | – |
| Investments in joint venture | 12 | 500,271 | 1,011,012 | – | – |
| Investments in associate | 13 | 189,740,128 | 190,173,370 | 71,029,990 | 71,029,990 |
| Investments in subsidiary | 14 | – | – | 7,000,000 | 7,000,000 |
| Investment properties | 15 | 122,400,000 | 122,300,000 | 122,400,000 | 122,300,000 |
| Property, plant and equipment | 16 | 443,126,594 | 472,501,721 | 435,945,056 | 465,612,802 |
| Land awaiting future development | 17 | 8,284,000 | 8,284,000 | 8,284,000 | 8,284,000 |
| Right-of-use assets | 18 | 25,282,362 | – | 24,944,337 | – |
| Intangible assets | 19 | 2,002,349 | 2,547,393 | 1,878,784 | 2,291,732 |
| Other non-current assets | 8 | 11,369,975 | 18,251,013 | 10,514,395 | 18,251,013 |
| Total non-current assets | | 818,255,466 | 820,862,820 | 697,546,349 | 700,563,848 |
| Total assets | | 1,520,794,297 | 1,586,782,291 | 1,388,737,449 | 1,458,757,996 |

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

KARMART

Karmarts Public Company Limited and its subsidiary
Statement of financial position (continued)
As at 31 December 2020

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|--------|-----------------------------------|--------------------|-------------------------------|--------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | 20 | 181,854,566 | 210,420,711 | 181,854,566 | 210,420,711 |
| Trade and other payables | 10, 21 | 145,935,729 | 150,370,137 | 158,474,396 | 161,679,555 |
| Short-term loan from related party | 10 | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 |
| Current portion of long-term lease liabilities | 18 | 11,504,158 | 4,322,422 | 11,393,366 | 4,211,630 |
| Current portion of long-term loans from financial institution | 22 | 17,904,000 | 17,904,000 | 17,904,000 | 17,904,000 |
| Income tax payable | | 18,504,524 | 33,025,597 | 17,585,255 | 31,893,611 |
| Other current liabilities | | 31,982,122 | 36,231,155 | 31,643,051 | 35,949,153 |
| Total current liabilities | | 437,685,099 | 482,274,022 | 448,854,634 | 492,058,660 |
| Non-current liabilities | | | | | |
| Long-term lease liabilities – net of current portion | 18 | 14,569,369 | 5,467,791 | 14,440,112 | 5,227,744 |
| Long-term loans from financial institution – net of current portion | 22 | 15,520,642 | 31,874,142 | 15,520,642 | 31,874,142 |
| Provision for long-term employee benefits | 23 | 19,439,103 | 17,657,769 | 18,734,025 | 17,195,875 |
| Deferred tax liabilities | 24 | 26,563,169 | 27,596,609 | 26,783,930 | 27,704,408 |
| Total non-current liabilities | | 76,092,283 | 82,596,311 | 75,478,709 | 82,002,169 |
| Total liabilities | | 513,777,382 | 564,870,333 | 524,333,343 | 574,060,829 |

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

Karmarts Public Company Limited and its subsidiary
Statement of financial position (continued)
As at 31 December 2020

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| 880,000,000 ordinary shares | | | | | |
| of Baht 0.60 each | | <u>528,000,000</u> | <u>528,000,000</u> | <u>528,000,000</u> | <u>528,000,000</u> |
| Issued and paid up | | | | | |
| 879,998,016 ordinary shares | | | | | |
| of Baht 0.60 each | | 527,998,810 | 527,998,810 | 527,998,810 | 527,998,810 |
| Share premium | | 88,396,711 | 88,396,711 | 88,396,711 | 88,396,711 |
| Capital reduction surplus | | 15,267,473 | 15,267,473 | 15,267,473 | 15,267,473 |
| Retained earnings | | | | | |
| Appropriated – statutory reserve | 31 | 52,799,881 | 52,799,881 | 52,799,881 | 52,799,881 |
| Unappropriated | | 243,634,715 | 260,408,017 | 109,153,643 | 129,446,704 |
| Other components of shareholders' equity | | <u>70,741,098</u> | <u>70,435,764</u> | <u>70,787,588</u> | <u>70,787,588</u> |
| Equity attributable to owners of the Company | | <u>998,838,688</u> | <u>1,015,306,656</u> | <u>864,404,106</u> | <u>884,697,167</u> |
| Non-controlling interests of the subsidiary | | <u>8,178,227</u> | <u>6,605,302</u> | <u>–</u> | <u>–</u> |
| Total shareholders' equity | | <u>1,007,016,915</u> | <u>1,021,911,958</u> | <u>864,404,106</u> | <u>884,697,167</u> |
| Total liabilities and shareholders' equity | | <u>1,520,794,297</u> | <u>1,586,782,291</u> | <u>1,388,737,449</u> | <u>1,458,757,996</u> |

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

Karmarts Public Company Limited and its subsidiary
Income statement
For the year ended 31 December 2020

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|--------|-----------------------------------|---------------------------|-------------------------------|---------------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | | |
| Sales | 10 | 1,293,987,577 | 1,486,648,072 | 1,366,063,977 | 1,555,134,375 |
| Income from warehouse rental | | 21,169,885 | 21,066,559 | 21,169,885 | 21,066,559 |
| Gain on fair value adjustment of investment properties | 15 | 100,000 | 460,000 | 100,000 | 460,000 |
| Other income | 10 | 10,956,037 | 16,273,660 | 23,444,984 | 29,805,877 |
| Total revenues | | <u>1,326,213,499</u> | <u>1,524,448,291</u> | <u>1,410,778,846</u> | <u>1,606,466,811</u> |
| Expenses | | | | | |
| Cost of sales | 10 | 638,154,911 | 694,488,030 | 746,926,178 | 791,391,853 |
| Cost of warehouse rental | | 49,424 | 418,757 | 49,424 | 418,757 |
| Selling and distribution expenses | | 270,442,454 | 308,318,742 | 270,442,454 | 308,318,742 |
| Administrative expenses | 10 | 238,581,291 | 185,483,717 | 222,372,173 | 182,131,504 |
| Total expenses | | <u>1,147,228,080</u> | <u>1,188,709,246</u> | <u>1,239,790,229</u> | <u>1,282,260,856</u> |
| Profit from operating activities | | <u>178,985,419</u> | <u>335,739,045</u> | <u>170,988,617</u> | <u>324,205,955</u> |
| Share of gain (loss) from investments in joint venture and associate | 12, 13 | (1,249,317) | 1,274,773 | – | – |
| Finance income | 25 | 1,046,030 | 1,579,560 | 1,042,804 | 1,571,755 |
| Finance cost | 26 | (10,374,036) | (10,199,339) | (10,352,771) | (10,181,738) |
| Profit before income tax expenses | | <u>168,408,096</u> | <u>328,394,039</u> | <u>161,678,650</u> | <u>315,595,972</u> |
| Income tax expenses | 24 | (34,010,743) | (64,843,022) | (32,373,981) | (62,465,146) |
| Profit for the year | | <u><u>134,397,353</u></u> | <u><u>263,551,017</u></u> | <u><u>129,304,669</u></u> | <u><u>253,130,826</u></u> |
| Profit or loss attributable to: | | | | | |
| Equity holders of the Company | | 132,824,428 | 261,235,187 | 129,304,669 | 253,130,826 |
| Non-controlling interests of the subsidiary | | 1,572,925 | 2,315,830 | | |
| | | <u>134,397,353</u> | <u>263,551,017</u> | | |
| Basic earnings per share | 28 | | | | |
| Profit attributable to equity holders of the Company | | <u>0.151</u> | <u>0.297</u> | <u>0.147</u> | <u>0.288</u> |
| Weighted average number of common stock (shares) | | <u>879,998,016</u> | <u>879,998,016</u> | <u>879,998,016</u> | <u>879,998,016</u> |

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

Karmarts Public Company Limited and its subsidiary
Statement of comprehensive income
For the year ended 31 December 2020

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|--------|-----------------------------------|---------------------------|-------------------------------|---------------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Profit for the year | | <u>134,397,353</u> | <u>263,551,017</u> | <u>129,304,669</u> | <u>253,130,826</u> |
| Other comprehensive income: | | | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent period | | | | | |
| Share of profit (loss) from exchange differences on translation of joint venture's financial statements in foreign currency | | 305,334 | (316,702) | – | – |
| Other comprehensive income not to be reclassified to profit or loss in subsequent period | | | | | |
| Actuarial loss – net of income tax | 23 | – | (984,034) | – | (984,034) |
| Changes in surplus on revaluation of assets – net of income tax | 16, 29 | <u>–</u> | <u>29,281,200</u> | <u>–</u> | <u>29,281,200</u> |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods – net of income tax | | <u>–</u> | <u>28,297,166</u> | <u>–</u> | <u>28,297,166</u> |
| Other comprehensive income for the year | | <u>305,334</u> | <u>27,980,464</u> | <u>–</u> | <u>28,297,166</u> |
| Total comprehensive income for the year | | <u><u>134,702,687</u></u> | <u><u>291,531,481</u></u> | <u><u>129,304,669</u></u> | <u><u>281,427,992</u></u> |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | 133,129,762 | 289,215,651 | <u>129,304,669</u> | <u>281,427,992</u> |
| Non-controlling interests of the subsidiary | | <u>1,572,925</u> | <u>2,315,830</u> | | |
| | | <u><u>134,702,687</u></u> | <u><u>291,531,481</u></u> | | |

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

Karmarts Public Company Limited and its subsidiary
Statement of changes in shareholders' equity
For the year ended 31 December 2020

| Consolidated financial statement | | | | | | | | | | | | (Unit: Baht) |
|--|---------------|---------------------------|----------------------------------|----------------|----------------------------------|---|--|--|---|----------------------------|---------------|--------------|
| Equity attributable to owners of the Company | | | | | | | | | | | | |
| Issued and paid-up share capital | Share premium | Capital reduction surplus | Retained earnings | | Surplus on revaluation of assets | Other components of shareholders' equity | | Total equity attributable to owners of the Company | Non-controlling interests of the subsidiary | Total shareholders' equity | | |
| | | | Appropriated – statutory reserve | Unappropriated | | Exchange differences on translation of joint ventures' financial statements in foreign currency | Total other components of shareholders' equity | | | | | |
| Balance as at 1 January 2018 | 527,998,810 | 88,396,711 | 15,267,473 | 52,799,881 | 246,500,099 | 41,506,388 | (35,122) | 41,471,266 | 972,434,240 | 4,289,472 | 976,723,712 | |
| Profit for the year | - | - | - | - | 261,235,187 | - | - | - | 261,235,187 | 2,315,830 | 263,551,017 | |
| Other comprehensive income for the year | - | - | - | - | (984,034) | 29,281,200 | (316,702) | 28,964,498 | 27,980,464 | - | 27,980,464 | |
| Total comprehensive income for the year | - | - | - | - | 260,251,153 | 29,281,200 | (316,702) | 28,964,498 | 289,215,651 | 2,315,830 | 291,531,481 | |
| Dividend paid (Note 30) | - | - | - | - | (246,343,235) | - | - | - | (246,343,235) | - | (246,343,235) | |
| Balance as at 31 December 2019 | 527,998,810 | 88,396,711 | 15,267,473 | 52,799,881 | 260,408,017 | 70,787,588 | (351,824) | 70,435,764 | 1,015,306,656 | 6,605,302 | 1,021,911,958 | |
| Balance as at 1 January 2020 | 527,998,810 | 88,396,711 | 15,267,473 | 52,799,881 | 260,408,017 | 70,787,588 | (351,824) | 70,435,764 | 1,015,306,656 | 6,605,302 | 1,021,911,958 | |
| Profit for the year | - | - | - | - | 132,824,428 | - | - | - | 132,824,428 | 1,572,925 | 134,397,353 | |
| Other comprehensive income for the year | - | - | - | - | - | - | 305,334 | 305,334 | 305,334 | - | 305,334 | |
| Total comprehensive income for the year | - | - | - | - | 132,824,428 | - | 305,334 | 305,334 | 133,129,762 | 1,572,925 | 134,702,687 | |
| Dividend paid (Note 30) | - | - | - | - | (149,597,730) | - | - | - | (149,597,730) | - | (149,597,730) | |
| Balance as at 31 December 2020 | 527,998,810 | 88,396,711 | 15,267,473 | 52,799,881 | 243,634,715 | 70,787,588 | (46,490) | 70,741,098 | 998,838,688 | 8,178,227 | 1,007,016,915 | |

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

Karmarts Public Company Limited and its subsidiary
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2020

(Unit: Baht)

| | Separate financial statement | | | | | | |
|---|----------------------------------|---------------|---------------------------|----------------------------------|----------------|--|--|
| | Issued and paid-up share capital | Share premium | Capital reduction surplus | Retained earnings | | Other components of shareholders' equity | |
| | | | | Appropriated - statutory reserve | Unappropriated | Surplus on revaluation of assets | Total other components of shareholders' equity |
| Balance as at 1 January 2019 | 527,998,810 | 88,396,711 | 15,267,473 | 52,799,881 | 123,643,147 | 41,506,388 | 849,612,410 |
| Profit for the year | - | - | - | - | 253,130,826 | - | 253,130,826 |
| Other comprehensive income for the year | - | - | - | - | (984,034) | 29,281,200 | 28,297,166 |
| Total comprehensive income for the year | - | - | - | - | 252,146,792 | 29,281,200 | 281,427,992 |
| Dividend paid (Note 30) | - | - | - | - | (246,343,235) | - | (246,343,235) |
| Balance as at 31 December 2019 | 527,998,810 | 88,396,711 | 15,267,473 | 52,799,881 | 129,446,704 | 70,787,588 | 884,697,167 |
| Balance as at 1 January 2020 | 527,998,810 | 88,396,711 | 15,267,473 | 52,799,881 | 129,446,704 | 70,787,588 | 884,697,167 |
| Profit for the year | - | - | - | - | 129,304,669 | - | 129,304,669 |
| Other comprehensive income for the year | - | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - | 129,304,669 | - | 129,304,669 |
| Dividend paid (Note 30) | - | - | - | - | (149,597,730) | - | (149,597,730) |
| Balance as at 31 December 2020 | 527,998,810 | 88,396,711 | 15,267,473 | 52,799,881 | 109,153,643 | 70,787,588 | 864,404,106 |

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

Karmarts Public Company Limited and its subsidiary
Statement of cash flows
For the year ended 31 December 2020

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Cash flows from operating activities | | | | |
| Profit before tax | 168,408,096 | 328,394,039 | 161,678,650 | 315,595,972 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation and amortisation | 55,772,205 | 40,040,672 | 53,278,657 | 37,958,288 |
| Gain from the fair value adjustment of investment properties | (100,000) | (460,000) | (100,000) | (460,000) |
| Allowance for expected credit losses/ allowance for doubtful accounts | 10,605,695 | 5,028,586 | 10,629,560 | 5,028,586 |
| Allowance for reducing cost of inventories to net realisable value (reversal) | (4,535,754) | 9,753,586 | (4,857,380) | 9,678,366 |
| Unrealised loss (gain) on exchange rate | 2,826,304 | (1,642,686) | 2,826,304 | (1,642,686) |
| Loss (gain) on disposal of investments in equity instruments | 805,000 | (897,640) | 805,000 | (897,640) |
| Unrealised gain on change in the fair value of current investments | – | (443,635) | – | (443,635) |
| Fixed assets and intangible assets write-off | 17,686,805 | 1,386,721 | 17,686,805 | 1,386,721 |
| Gain on disposal of fixed assets and intangible assets | (459,491) | (108,051) | (459,491) | (108,051) |
| Interest income | (318,860) | (1,465,911) | (318,860) | (1,465,911) |
| Dividend income | (225,000) | (134,000) | (225,000) | (134,000) |
| Provision for long-term employee benefits | 3,695,934 | 6,674,179 | 3,452,750 | 6,390,905 |
| Interest expenses | 9,257,550 | 9,288,263 | 9,248,317 | 9,266,286 |
| Share of loss (profit) from investments in joint venture and associate | 1,249,317 | (1,274,773) | – | – |
| Profit from operating activities before changes in operating assets and liabilities: | 264,667,801 | 394,139,350 | 253,645,312 | 380,153,201 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | 59,870,272 | (55,977,338) | 60,202,882 | (52,773,091) |
| Finance lease receivables | 851,275 | (4,633,248) | 851,275 | (4,633,248) |
| Inventories | (9,944,079) | 33,090,089 | (5,157,641) | 38,494,677 |
| Other current assets | 4,235,357 | (5,225,301) | 4,209,852 | (5,252,805) |
| Other non-current assets | (1,119,746) | 697,623 | (264,167) | 344,168 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | (11,430,968) | 32,445,686 | (10,201,717) | 31,769,579 |
| Other current liabilities | (4,249,033) | 2,074,678 | (4,306,102) | 3,839,093 |
| Cash from operating activities | 302,880,879 | 396,611,539 | 298,979,694 | 391,941,574 |
| Cash paid for income tax | (49,565,256) | (61,375,000) | (47,602,815) | (59,096,789) |
| Cash paid for long-term employee benefits | (1,914,600) | (8,679,010) | (1,914,600) | (8,679,010) |
| Net cash from operating activities | 251,401,023 | 326,557,529 | 249,462,279 | 324,165,775 |

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

Karmarts Public Company Limited and its subsidiary
Statement of cash flows (continued)
For the year ended 31 December 2020

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Cash flows from investing activities | | | | |
| Interest income received | 308,636 | 1,594,839 | 308,636 | 1,594,839 |
| Dividend received | 225,000 | 134,000 | 225,000 | 134,000 |
| Decrease in long-term loans to related party | 935,837 | 892,260 | 935,837 | 892,260 |
| Decrease in long-term loans to unrelated person and party | – | 27,386,235 | – | 27,386,235 |
| Proceeds from disposal of equipment and intangible assets | 3,135,346 | 4,210,748 | 3,567,721 | 4,210,748 |
| Proceeds from disposal of investments in equity instruments | 26,147,500 | 37,027,715 | 26,147,500 | 37,027,715 |
| Acquisition of investments in equity instruments | (26,952,500) | (25,897,400) | (26,952,500) | (25,897,400) |
| Acquisition of land, equipment and intangible assets | (42,420,297) | (81,204,677) | (39,854,154) | (79,293,688) |
| Net cash used in investing activities | <u>(38,620,478)</u> | <u>(35,856,280)</u> | <u>(35,621,960)</u> | <u>(33,945,291)</u> |
| Cash flows from financing activities | | | | |
| Increase (decrease) in short-term loans from financial institutions | (30,467,748) | 63,369,310 | (30,467,748) | 63,369,310 |
| Decrease in short-term loan from related party | – | (70,000,000) | – | (70,000,000) |
| Cash paid under leases | (15,314,679) | (5,230,197) | (15,194,655) | (5,218,131) |
| Decrease in long-term loans from financial institution | (16,353,500) | (15,449,471) | (16,353,500) | (15,449,471) |
| Interest paid | (7,876,564) | (8,829,985) | (7,876,564) | (8,815,701) |
| Dividend paid | (149,597,730) | (246,343,235) | (149,597,730) | (246,343,235) |
| Net cash used in financing activities | <u>(219,610,221)</u> | <u>(282,483,578)</u> | <u>(219,490,197)</u> | <u>(282,457,228)</u> |
| Net increase (decrease) in cash and cash equivalents | (6,829,676) | 8,217,671 | (5,649,878) | 7,763,256 |
| Cash and cash equivalents at beginning of year | 16,089,467 | 7,871,796 | 13,564,091 | 5,800,835 |
| Cash and cash equivalents at end of year (Note 7) | <u>9,259,791</u> | <u>16,089,467</u> | <u>7,914,213</u> | <u>13,564,091</u> |

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

Karmarts Public Company Limited and its subsidiary
Statement of cash flows (continued)
For the year ended 31 December 2020

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------------|-------------------------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| Supplemental cash flows information: - | | | | |
| Non-cash transactions: - | | | | |
| Sales of equipment that has not yet been collected | - | 333,960 | - | 333,960 |
| Undue installment for acquisition of equipment and intangible assets | 817,385 | 141,901 | 817,385 | 141,901 |
| Increase in lease liabilities | 3,776,839 | 2,522,795 | 3,776,839 | 2,167,584 |
| Transfer of equipment to inventories | 491,646 | 527,078 | 485,224 | 527,078 |
| Actuarial loss | - | 1,230,043 | - | 1,230,043 |
| Increase in surplus on revaluation of assets | - | 36,601,500 | - | 36,601,500 |

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

Karmarts Public Company Limited and its subsidiary

Notes to consolidated financial statements

For the year ended 31 December 2020

1. General information

1.1 Corporate information

Karmarts Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of consumer products, and the provision of warehouse rental. The Company's registered address is 81-81/1, Soi Phetchakasem 54 sub 3, Phetchakasem Road, Bangduan, Phasicharoen, Bangkok.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Group operates. The Group's management will continuously monitor ongoing developments and assess the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will use estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation of financial statements

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company and the following subsidiary company.

| Company's name | Nature of business | Percentage of shareholding in shareholders' register | | Country of incorporation |
|------------------------------|--|--|---------|--------------------------|
| | | 2020 | 2019 | |
| | | Percent | Percent | |
| J KOS Laboratories Co., Ltd. | Manufacture and distribution of consumer product | 70.00 | 70.00 | Thailand |

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary are prepared using the same accounting period and significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas joint venture company are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statements of financial position.

2.3 The separate financial statements of the Company present investments in joint venture, associate and subsidiary under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current period

During the period, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standards involve changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of

the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these standards on the Group's financial statements is as follows.

- Recognition of credit losses – The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives – The Group initially recognises derivatives at their fair value on the contract date and subsequently measures them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

However, the cumulative effect from the first-time adoption of these standards of the group does not have any significant impact on the Group's financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on those accounting alternatives. However, in the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of some temporary relief measures on accounting alternatives. This has no significant impact on the Group's financial statements.

The Group has still elected to continue to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3, during the current period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

Changes in accounting policies due to the adoption of these standards have no impact on the Group's retained earnings as at 1 January 2020.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|---|-----------------------------------|--|----------|----------------|
| | 31 December 2019 | The impacts of | | 1 January 2020 |
| | | Financial reporting standards related to financial instruments | TFRS 16 | |
| Statement of financial position | | | | |
| Assets | | | | |
| Current assets | | | | |
| Current portion of lease receivables | 1,031 | - | 2,688 | 3,719 |
| Non-current assets | | | | |
| Lease receivables - net of current portion | 3,602 | - | 5,353 | 8,955 |
| Property, plant and equipment | 472,502 | - | (15,804) | 456,698 |
| Right-of-use assets | - | - | 41,127 | 41,127 |
| Liabilities and shareholders' equity | | | | |
| Current liabilities | | | | |
| Current portion of lease liabilities | 4,322 | - | 12,878 | 17,200 |
| Non-current liabilities | | | | |
| Lease liabilities - net of current portion | 5,468 | - | 20,486 | 25,954 |
| Shareholders' equity | | | | |
| Retained earnings - unappropriated | 260,408 | - | - | 260,408 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|---|-------------------------------|--|----------|----------------|
| | 31 December 2019 | The impacts of | | 1 January 2020 |
| | | Financial reporting standards related to financial instruments | TFRS 16 | |
| Statement of financial position | | | | |
| Assets | | | | |
| Current assets | | | | |
| Current portion of lease receivables | 1,031 | – | 2,688 | 3,719 |
| Non-current assets | | | | |
| Lease receivables – net of current portion | 3,602 | – | 5,353 | 8,955 |
| Property, plant and equipment | 465,613 | – | (15,356) | 450,257 |
| Right-of-use assets | – | – | 40,679 | 40,679 |
| Liabilities and shareholders' equity | | | | |
| Current liabilities | | | | |
| Current portion of lease liabilities | 4,212 | – | 12,878 | 17,090 |
| Non-current liabilities | | | | |
| Lease liabilities – net of current portion | 5,228 | – | 20,486 | 25,714 |
| Shareholders' equity | | | | |
| Retained earnings – unappropriated | 129,447 | – | – | 129,447 |

4.1 Financial instruments

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | |
|--|---|--|---|----------------|----------------|
| | Carrying amounts under the former basis | Classification and measurement in accordance with TFRS 9 | | | |
| | | Fair value through profit or loss | Fair value through other comprehensive income | Amortised cost | Total |
| Financial assets as at 1 January 2020 | | | | | |
| Cash and cash equivalents | 16,089 | – | – | 16,089 | 16,089 |
| Trade and other receivables | 393,796 | – | – | 393,796 | 393,796 |
| Lease receivables | 4,633 | – | – | 4,633 | 4,633 |
| Long-term loans to related party | 3,273 | – | – | 3,273 | 3,273 |
| Other non-current financial assets | 14,037 | – | – | 14,037 | 14,037 |
| Total financial assets | <u>431,828</u> | <u>–</u> | <u>–</u> | <u>431,828</u> | <u>431,828</u> |

(Unit: Thousand Baht)

| | Separate financial statement | | | | |
|--|---|--|---|----------------|----------------|
| | Carrying amounts under the former basis | Classification and measurement in accordance with TFRS 9 | | | |
| | | Fair value through profit or loss | Fair value through other comprehensive income | Amortised cost | Total |
| Financial assets as at 1 January 2020 | | | | | |
| Cash and cash equivalents | 13,564 | - | - | 13,564 | 13,564 |
| Trade and other receivables | 401,143 | - | - | 401,143 | 401,143 |
| Lease receivables | 4,633 | - | - | 4,633 | 4,633 |
| Long-term loans to related party | 3,273 | - | - | 3,273 | 3,273 |
| Other non-current financial assets | 14,037 | - | - | 14,037 | 14,037 |
| Total financial assets | <u>436,650</u> | <u>-</u> | <u>-</u> | <u>436,650</u> | <u>436,650</u> |

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

4.2 Leases

Upon initial application of TFRS 16, the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amounts of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

(Unit: Thousand Baht)

| | Consolidated financial statements | Separate financial statements |
|---|-----------------------------------|-------------------------------|
| Operating lease commitments as at 31 December 2019 | 41,687 | 41,687 |
| Add: Option to extend lease term | 25,189 | 25,189 |
| Less: Contracts reassessed as service agreements | (31,186) | (31,186) |
| Less: Others | (143) | (143) |
| Less: Deferred interest expenses | (2,183) | (2,183) |
| Increase in lease liabilities due to TFRS 16 adoption | <u>33,364</u> | <u>33,364</u> |
| Liabilities under finance lease agreements as at 31 December 2019 | <u>9,790</u> | <u>9,440</u> |
| Lease liabilities as at 1 January 2020 | <u>43,154</u> | <u>42,804</u> |
| Weighted average incremental borrowing rate (percent per annum) | <u>3.53</u> | <u>3.53</u> |
| Comprise of: | | |
| Current lease liabilities | 17,200 | 17,090 |
| Non-current lease liabilities | <u>25,954</u> | <u>25,714</u> |
| | <u>43,154</u> | <u>42,804</u> |

The adjustments of right-of-use assets due to initial TFRS 16 adoption as at 1 January 2020 are summarised below:

(Unit: Thousand Baht)

| | Consolidated financial statements | Separate financial statements |
|---------------------------|-----------------------------------|-------------------------------|
| Land | 961 | 961 |
| Buildings | 24,362 | 24,362 |
| Motor vehicles | 15,804 | 15,356 |
| Total right-of-use assets | <u>41,127</u> | <u>40,679</u> |

5. Significant accounting policies**5.1 Revenue recognition****Sales of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

When a contract provided a customer with a right to return the goods within a specified period, the Group recognises the amount ultimately expected they will have to return to customers as a refund liability and recognise the right to recover the goods expected to be returned by customers as an asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

5.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restriction.

5.3 Inventories

Finished goods are valued at the lower of cost (first-in, first-out method) or standard cost (which approximates actual cost under first-in, first-out method) and net realisable value. Work in process is valued at the lower of average cost and net realisable value. Cost of finished goods and work in process include all production costs, labor cost and attributable factory overheads.

Raw materials and other materials are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

5.4 Investments in subsidiaries, joint ventures and associates

Investments in joint venture and associate are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method.

5.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5.6 Property, plant and equipment and depreciation

Land is stated at cost or revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to fair value of land. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over their estimated useful lives.

| | The Company | Subsidiary |
|---|---------------|---------------|
| Buildings | 20 years | – |
| Land improvements and building improvements | 5 years | – |
| Machinery and equipment | 5 years | 5 years |
| Motor vehicles | 5 years | 5 years |
| Office furniture, fixtures and equipment | 3 and 5 years | 3 and 5 years |

Depreciation is included in determining income.

No depreciation is provided for land, assets under installation and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.7 Land awaiting future development

Land awaiting future development is valued at the lower of specific cost and net realisable value. Cost includes cost of land acquisition.

5.8 Leases

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

The Group as a lessee

Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease. The Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

| | |
|----------------|--------------|
| Land | 3 to 6 years |
| Buildings | 1 to 6 years |
| Motor vehicles | 3 to 5 years |
| Equipment | 5 years |

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Sub lease

When the Group is an intermediate lessor, it accounts for its interests in the head lease and sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described in "Short-term leases and leases of low-value asset", then it classifies the sub-lease as an operating lease.

The Group as an intermediate lessor accounts for the sublease as follow:

- If the sublease is classified as an operating lease, the Group continues to account for the lease liability and right-of-use asset on the head lease like any other lease; or
- If the sublease is classified as a finance lease, the Group derecognises the right-of-use asset on the head lease at the sublease commencement date and continue to account for the original lease liability in the head lease.

Accounting policies adopted before 1 January 2020

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

5.9 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and allowance for loss on impairment of assets (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

Computer software 3 years

No amortisation is provided for computer software under installation.

5.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations.

5.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.12 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However, in cases where property was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised immediately in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

5.13 Employee benefits*Short-term employee benefits*

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

*Post-employment benefits**Defined contribution plans*

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

5.14 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.16 Financial instruments

Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

The weighted average method is used for computation of the cost of investments.

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.17 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 buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation techniques that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are recognised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- Level 1 – Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 – Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 – Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ. Significant judgements and estimates are as follows:

Reduction of cost to net realisable value of inventories

In determining reduction of cost to net realisable value of inventories, the management needs to make judgement in estimating the losses that will be incurred on the sale of the inventories, taking into account net realisable value, aging profile of outstanding inventories and the stock-keeping conditions, among other factors.

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Investment properties

The Company presents investment properties at the fair value estimated by an independent appraiser, and recognised changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 15.

Land

The Company measures certain land at revalued amounts. Such amounts are determined regularly by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Leases – The Group as a lessee

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

7. Cash and cash equivalents

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---------------|-----------------------------------|---------------|-------------------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| Cash | 241 | 239 | 214 | 212 |
| Bank deposits | 9,019 | 15,850 | 7,700 | 13,352 |
| Total | <u>9,260</u> | <u>16,089</u> | <u>7,914</u> | <u>13,564</u> |

As at 31 December 2020, bank deposits in savings accounts carried interest at rates of 0.05% – 0.25% per annum (2019: 0.22% – 1.00% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|---------|----------------------------------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| Trade accounts receivable – related parties | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 5,736 | 4,765 | 5,736 | 4,751 |
| Past due | | | | |
| 1 – 3 months | 3,832 | 4,730 | 3,832 | 4,713 |
| 4 – 6 months | – | 5,951 | – | 5,951 |
| 7 – 12 months | – | 4,143 | – | 4,143 |
| Over 12 months | – | 2,678 | – | 2,678 |
| Total | 9,568 | 22,267 | 9,568 | 22,236 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts) | (146) | (2,678) | (146) | (2,678) |
| Net | 9,422 | 19,589 | 9,422 | 19,558 |
| Trade accounts receivable – unrelated parties | | | | |
| Aged on the basis of due dates | | | | |
| Post dated cheques | 4,453 | 2,593 | 4,453 | 2,593 |
| Not yet due | 180,969 | 194,473 | 180,969 | 194,473 |
| Past due | | | | |
| 1 – 3 months | 117,517 | 156,263 | 117,517 | 156,263 |
| 4 – 6 months | 1,302 | 13,593 | 1,302 | 13,593 |
| 7 – 12 months | 12,390 | 6,579 | 12,390 | 6,579 |
| Over 12 months | 13,672 | 3,701 | 13,672 | 3,701 |
| Returned cheques | 391 | – | 391 | – |
| Total | 330,694 | 377,202 | 330,694 | 377,202 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts) | (17,195) | (3,746) | (17,195) | (3,746) |
| Net | 313,499 | 373,456 | 313,499 | 373,456 |
| Other receivables | | | | |
| Other receivables – related parties | 1,574 | 1,929 | 8,589 | 9,307 |
| Other receivables – unrelated parties | 439 | 737 | 439 | 737 |
| Total | 2,013 | 2,666 | 9,028 | 10,044 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts) | (1,604) | (1,915) | (1,628) | (1,915) |
| Net | 409 | 751 | 7,400 | 8,129 |
| Total trade and other receivables – net | 323,330 | 393,796 | 330,321 | 401,143 |

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

(Unit: Thousand Baht)

| | Consolidated financial statements | Separate financial statements |
|--------------------------------------|--------------------------------------|----------------------------------|
| As at 1 January 2020 | 8,339 | 8,339 |
| Allowance for expected credit losses | 12,324 | 12,348 |
| Written off | (1,698) | (1,698) |
| Amount recovered | (20) | (20) |
| As at 31 December 2020 | <u>18,945</u> | <u>18,969</u> |

On 22 December 2014, the Company entered into an agreement to sell all of the inventories, that are related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X to a non-related party at a price of Baht 28.1 million (including VAT). This agreement requires the buyer to make payment to the Company in monthly installments, within 10 years. As at 31 December 2020, the Company had such account receivable balance of Baht 10.7 million (2019: Baht 14.0 million), with the portion due in over 12 months amounting to Baht 8.0 million (2019: Baht 10.7 million) and classified as other non-current financial assets in the statements of financial position.

9. Lease receivables

9.1 As at 31 December 2020 and 2019, the balances of lease receivables are as follows:

(Unit: Thousand Baht)

| | Consolidated / Separate financial statements | | | | | |
|---|--|--------------|---|--------------|---------------|--------------|
| | Current portion of lease receivables | | Lease receivables – net of current portion | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Lease receivables | 4,779 | 1,434 | 6,769 | 4,254 | 11,548 | 5,688 |
| Less: Unearned lease interest income | (569) | (403) | (477) | (652) | (1,046) | (1,055) |
| Total | <u>4,210</u> | <u>1,031</u> | <u>6,292</u> | <u>3,602</u> | <u>10,502</u> | <u>4,633</u> |
| Less: Allowance for expected credit losses | – | – | – | – | – | – |
| Lease receivables – net | <u>4,210</u> | <u>1,031</u> | <u>6,292</u> | <u>3,602</u> | <u>10,502</u> | <u>4,633</u> |

9.2 As at 31 December 2020 and 2019, the balances of lease receivables (net of unearned lease interest income) are classified by aging as follows:

(Unit: Thousand Baht)

| | Consolidated / Separate financial statements | |
|--|--|--------------|
| | 2020 | 2019 |
| Age of receivables | | |
| Not yet due | <u>10,502</u> | <u>4,633</u> |
| Total | <u>10,502</u> | <u>4,633</u> |
| Less: Allowance for expected credit losses | – | – |
| Lease receivables – net | <u>10,502</u> | <u>4,633</u> |

- 9.3 As at 31 December 2020 and 2019, the future minimum lease payments receivable under lease contracts together with the present value of minimum lease payments receivables are as follows:

(Unit: Thousand Baht)

| | Consolidated / Separate financial statements | | | |
|---|--|---|---|---|
| | 2020 | | 2019 | |
| | Minimum lease payments of lease contracts | Present value of minimum lease payments receivables | Minimum lease payments of lease contracts | Present value of minimum lease payments receivables |
| Within one year | 4,779 | 4,210 | 1,434 | 1,031 |
| After one year but not more than five years | 6,769 | 6,292 | 4,254 | 3,602 |
| Total | 11,548 | 10,502 | 5,688 | 4,633 |
| Less: Unearned lease interest income | (1,046) | | (1,055) | |
| Net investments in lease contracts | 10,502 | | 4,633 | |

10. Related parties transactions

During the years, the Group had significant business transactions with related persons and parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related persons and parties.

The relationship between the Company and the related parties is summarised below.

| Name of related parties | Relationship with the Company |
|---|---|
| J KOS Laboratories Co., Ltd. | Subsidiary |
| The Iconic Property Co., Ltd. | Associate |
| The Iconic Property Charan Sanit Wong13 Co., Ltd. | Subsidiary of the associate |
| The Iconic Property Phetkasem Co., Ltd. | Subsidiary of the associate |
| Bangwaek Condominium Co., Ltd. | Subsidiary of the associate |
| Pa Donphutsa Co., Ltd. | Subsidiary of the associate |
| Karmarts Vietnam Co., Ltd. | Joint venture |
| Ruenrom Food and Beverage Co., Ltd. | Common shareholder / director with the Company |
| June Laboratories Co., Ltd. | Common shareholder / director with the subsidiary |

Such significant transactions are summarised below.

(Unit: Million Baht)

| | Consolidated financial statements For the years ended 31 December | | Separate financial statements For the years ended 31 December | | Transfer Pricing Policy |
|--|---|------|---|------|-------------------------|
| | 2020 | 2019 | 2020 | 2019 | |
| <u>Transactions with subsidiary</u> (Eliminated from consolidated financial statements) | | | | | |
| Purchases of goods | - | - | 140 | 152 | Cost plus margin |
| Sales of goods | - | - | 72 | 69 | Cost |
| Service income | - | - | 11 | 13 | Contract price |
| Service expenses | - | - | 11 | 13 | Contract price |
| Rental income | - | - | 2 | 2 | Contract price |
| <u>Transactions with joint venture and associate</u> | | | | | |
| Sales of goods | 16 | 10 | 16 | 10 | Cost plus margin |
| Interest expenses | 1 | 2 | 1 | 2 | 2% per annum |
| <u>Transactions with related companies</u> | | | | | |
| Sales of goods | - | 19 | - | 18 | Cost plus margin |
| Purchases of goods | 2 | 3 | 1 | 2 | Cost plus margin |
| Service income | - | 1 | - | - | Contract price |

The outstanding balances of the related transactions as at 31 December 2020 and 2019 are shown in the statements of financial position as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------|-------------------------------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| Trade and other receivables – related persons and parties (Note 8) | | | | |
| Joint venture | 9,568 | 5,167 | 9,568 | 5,167 |
| Subsidiary | – | – | 7,015 | 7,377 |
| Related companies | 1,574 | 19,029 | 1,574 | 18,999 |
| Total | 11,142 | 24,196 | 18,157 | 31,543 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts) | (1,719) | (4,593) | (1,744) | (4,593) |
| Net | 9,423 | 19,603 | 16,413 | 26,950 |
| Lease receivables | | | | |
| Related company | 346 | – | 346 | – |
| Long-term loans to related party | | | | |
| Related company | 2,337 | 3,273 | 2,337 | 3,273 |
| Less: Current portion | (1,080) | (1,080) | (1,080) | (1,080) |
| Long-term loans to related party – net of current portion | 1,257 | 2,193 | 1,257 | 2,193 |
| Trade and other payables – related persons and parties (Note 21) | | | | |
| Subsidiary | – | – | 16,192 | 18,110 |
| Related company | 46 | 352 | – | 286 |
| Accrued managements benefits | 1,200 | 1,210 | 1,200 | 1,210 |
| Total | 1,246 | 1,562 | 17,392 | 19,606 |
| Short-term loan from related party | | | | |
| Associate | 30,000 | 30,000 | 30,000 | 30,000 |

During the current year, the balances of loans to and loan from related parties and the movements are as follows:

(Unit: Thousand Baht)

| | Consolidated / separate financial statements | | | |
|---|--|----------|----------|------------------|
| | 1 January 2020 | Increase | Decrease | 31 December 2020 |
| Long-term loans to related party | | | | |
| Related company | | | | |
| Ruenrom Food and Beverage Company Limited | 3,273 | – | (936) | 2,337 |
| Short-term loan from related party | | | | |
| Associate | | | | |
| The Iconic Property Company Limited | 30,000 | – | – | 30,000 |

As at 31 December 2020, long-term loans to the related party are due within 29 March 2022 (2019: within 29 March 2021) and carry an interest at a rate of 5.0% per annum.

As at 31 December 2020 and 2019, short-term loan from the associate mature at call and carry an interest at a rate of 2.0% per annum.

Directors and management benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses of their directors and management as below.

(Unit : Million Baht)

| | Consolidated / Separate financial statements | |
|------------------------------|--|-----------|
| | 2020 | 2019 |
| | | |
| Short-term employee benefits | 32 | 34 |
| Post-employment benefits | 1 | 3 |
| Total | <u>33</u> | <u>37</u> |

11. Inventories

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | |
|---|-----------------------------------|----------------|--|-----------------|-----------------|----------------|
| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Finished goods | 257,024 | 251,370 | (31,841) | (38,649) | 225,183 | 212,721 |
| Raw materials and supplies | 79,004 | 73,499 | (8,656) | (6,384) | 70,348 | 67,115 |
| Work in process | 9,638 | 6,066 | - | - | 9,638 | 6,066 |
| Goods in transit | 16,278 | 19,767 | - | - | 16,278 | 19,767 |
| Goods expected to be returned by customers | 6,500 | 7,307 | - | - | 6,500 | 7,307 |
| Total | <u>368,444</u> | <u>358,009</u> | <u>(40,497)</u> | <u>(45,033)</u> | <u>327,947</u> | <u>312,976</u> |

(Unit: Thousand Baht)

| | Separate financial statements | | | | | |
|---|-------------------------------|----------------|--|-----------------|-----------------|----------------|
| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Finished goods | 257,024 | 251,370 | (31,841) | (38,649) | 225,183 | 212,721 |
| Raw materials and supplies | 64,767 | 63,924 | (8,258) | (6,307) | 56,509 | 57,617 |
| Work in process | 6,528 | 3,085 | - | - | 6,528 | 3,085 |
| Goods in transit | 16,278 | 19,767 | - | - | 16,278 | 19,767 |
| Goods expected to be returned by customers | 6,500 | 7,307 | - | - | 6,500 | 7,307 |
| Total | <u>351,097</u> | <u>345,453</u> | <u>(40,099)</u> | <u>(44,956)</u> | <u>310,998</u> | <u>300,497</u> |

During the current year, the Group reversed the write-down of cost of inventories by Baht 4.5 million and reduced the amount of inventories recognised as expenses during the year (the Company only: Baht 4.9 million). (2019: the Group reduced cost of inventories by Baht 9.8 million to reflect the net realisable value which was included in cost of sales (the Company only: Baht 9.7 million)).

12. Investments in joint venture

12.1 Details of joint venture

Investments in joint venture represent investments in entity which is jointly controlled by the Company and other person. Details of these investments are as follows:

(Unit: Thousand Baht)

| Joint venture's name | Nature of business | Country of incorporation | Consolidated financial statements | | | | | |
|----------------------------------|-----------------------------------|--------------------------|-----------------------------------|------------------|------------------|------------------|---|------------------|
| | | | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
| | | | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | | | % | % | | | | |
| Karmarts Vietnam Company Limited | Distribution of cosmetic products | Vietnam | 49 | 49 | 3,563 | 3,563 | 500 | 1,011 |

(Unit: Thousand Baht)

| Joint venture's name | Nature of business | Country of incorporation | Separate financial statements | | | | | | | |
|----------------------------------|-----------------------------------|--------------------------|-------------------------------|------------------|------------------|------------------|---|------------------|---|------------------|
| | | | Shareholding percentage | | Cost | | Allowance for impairment of investments | | Carrying amounts based on cost method – net | |
| | | | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | | | % | % | | | | | | |
| Karmarts Vietnam Company Limited | Distribution of cosmetic products | Vietnam | 49 | 49 | 3,563 | 3,563 | (3,563) | (3,563) | – | – |

12.2 Share of profit (loss) from investments in joint venture

During the years, the Company recognised its share of profit (loss) from investments in joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

| Company's name | Consolidated financial statements | |
|----------------------------------|--|-------|
| | Share of profit (loss) from investments in joint venture during the year | |
| | 2020 | 2019 |
| Karmarts Vietnam Company Limited | (816) | 1,328 |

12.3 Summary financial information of material joint venture

Financial information of the joint venture is summarised below.

Summary financial position

(Unit: Million Baht)

| | Karmarts Vietnam Company Limited | |
|--|----------------------------------|------|
| | 2020 | 2019 |
| Cash and cash equivalents | 2 | 4 |
| Other current assets | 8 | 6 |
| Non-current assets | – | 1 |
| Current liabilities | (7) | (7) |
| Net assets | 3 | 4 |
| Shareholding percentage | 49 | 49 |
| Share of net assets | 1 | 2 |
| Elimination entries | – | (1) |
| Carrying amounts of joint venture based on equity method | 1 | 1 |

Comprehensive income summary for the year ended 31 December 2020 and 2019 is summarised below.

(Unit: Million Baht)

| | Karmarts Vietnam Company Limited | |
|----------------------------|----------------------------------|------|
| | 2020 | 2019 |
| Revenue | 22 | 22 |
| Gain | – | 1 |
| Other comprehensive income | – | – |
| Total comprehensive income | – | 1 |

This company's operation period is 50 years, starting from the date of incorporation, 9 October 2015.

As at 31 December 2020 and 2019, the Company had commitments amounting to USD 98,000 in respect of the unpaid shares in Karmarts Vietnam Company Limited.

13. Investments in associate

13.1 Details of associate:

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Consolidated financial statements | | | | | |
|-------------------------------------|------------------------|--------------------------|-----------------------------------|------------------|------------------|------------------|---|------------------|
| | | | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
| | | | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| The Iconic Property Company Limited | Properties development | Thailand | % | % | | | | |
| | | | 33.33 | 33.33 | 71,030 | 71,030 | 189,740 | 190,173 |

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Separate financial statements | | | |
|-------------------------------------|------------------------|--------------------------|-------------------------------|------------------|------------------|------------------|
| | | | Shareholding percentage | | Cost | |
| | | | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| The Iconic Property Company Limited | Properties development | Thailand | % | % | | |
| | | | 33.33 | 33.33 | 71,030 | 71,030 |

During the year 2019, The Iconic Property Co., Ltd. (the associate) enter into sell and purchase agreement of land located in Phuket Province, with a total area of 17 rai 2 ngan 11 square wah and a total value of Baht 230 million, from an unrelated company. The land is jointly acquired by the associate and the associate's related person in the proportion of 99% and 1%, respectively. The associate already obtained the transfer of land ownership.

On 8 October 2020, the Board of Directors' meeting of The Iconic Property Co., Ltd. (the associate) approved the purchase of 90,000 shares from the existing shareholders of Pa Donphutsa Company Limited, at a purchase price of Baht 100 per share, or for a total of Baht 9 million. Subsequently on 2 November 2020, the associated company made additional investment of Baht 6 million in Pa Donphutsa Company Limited from an increase in its registered share capital. Therefore, the total investment made is Baht 15 million, with the associate holding 75% of shares in that company.

13.2 Share of comprehensive income from investments in associate

During the years, the Company recognised its share of comprehensive income from investments in associated company in the consolidated financial statements as follows:

(Unit: Thousand Baht)

| Company's name | Consolidated financial statements | |
|--|--|------|
| | Share of profit (loss) from investments in associate during the year | |
| | 2020 | 2019 |
| The Iconic Property Company Limited and its subsidiaries | (433) | (53) |

13.3 Summary financial information about material associates

Summary financial information of the associated company is presented below.

(Unit: Million Baht)

| | The Iconic Property Company Limited and its subsidiaries | |
|--|--|-------|
| | 2020 | 2019 |
| Current assets | 231 | 223 |
| Non-current assets | 346 | 348 |
| Current liabilities | (3) | (1) |
| Net assets | 574 | 570 |
| Shareholding percentage | 33.33 | 33.33 |
| Share of net assets | 191 | 190 |
| Elimination entries | (1) | - |
| Carrying amounts of associate based on equity method | 190 | 190 |

Comprehensive income summary for the year ended 31 December 2020 and 2019 is summarised below.

(Unit: Million Baht)

| | The Iconic Property Company Limited and its subsidiaries | |
|----------------------------|--|------|
| | 2020 | 2019 |
| Revenue | 3 | - |
| Gain (Loss) | (2) | - |
| Other comprehensive income | - | - |
| Total comprehensive income | (2) | - |

14. Investments in subsidiary

(Unit: Thousand Baht)

| Company's name | Paid-up share capital | Shareholding percentage | Separate financial statements | |
|------------------------------------|-------------------------|-------------------------|-------------------------------|------------------|
| | | | Cost Method | |
| | | | 31 December 2020 | 31 December 2019 |
| J KOS Laboratories Company Limited | (Million Baht) 10.00 | (%) 70.00 | 7,000 | 7,000 |

15 Investment properties

A reconciliation of the net book value of investment properties as at the beginning and end of the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

| | Consolidated/Separate financial statements |
|---------------------------------------|--|
| | Properties used for warehouse service |
| Net book value at beginning of 2019 | 121,840 |
| Net gain from a fair value adjustment | 460 |
| Net book value at end of 2019 | 122,300 |
| Net gain from a fair value adjustment | 100 |
| Net book value at end of 2020 | 122,400 |

The investment properties of the Company represent land and building used for providing warehouse service. Their fair value has been determined based on the valuations performed by an accredited independent valuer, using the income approach. Key assumptions used in the valuation include discount rate, yield rate and rental rate.

Key assumptions used in the valuation are summarised below:

| | Consolidated/ Separate financial statements | | Result to fair value where as an increase in assumption value |
|---|--|---------------------|---|
| | 31 December 2020 | 31 December 2019 | |
| Discount rate (%) | 15 | 15 | Decrease in fair value |
| Yield rate (%) | 12 | 12 | Decrease in fair value |
| Rental rate per square meter per month (Baht) | 117.8 | 117.8 | Increase in fair value |

Rental income from investment properties and related operating expenses are separately presented in the income statements.

The majority of investment properties of the Company were placed as collateral for short-term and long-term credit facilities granted by commercial banks.

16. Property, plant and equipment

Consolidated financial statements

(Unit: Thousand Baht)

| | Revaluation basis | Cost basis | | | | | | Total |
|--|-------------------|------------------|-----------------------------------|---------------------------------|----------------|--|--|----------|
| | | Land improvement | Building and building improvement | Machinery and factory equipment | Motor vehicles | Office furniture, fixtures and equipment | Assets under installation and construction in progress | |
| Cost/Revalued amount | Land | | | | | | | |
| 1 January 2019 | 202,372 | 256 | 196,557 | 61,911 | 47,779 | 51,424 | 2,245 | 562,544 |
| Acquisition | 17,144 | - | 819 | 19,563 | 6,329 | 5,061 | 16,089 | 65,005 |
| Revaluation | 36,602 | - | - | - | - | - | - | 36,602 |
| Transfer to inventories | - | - | - | - | - | (877) | (18) | (895) |
| Disposal / write-off | - | - | - | (1,239) | (3,590) | (2,568) | (977) | (8,374) |
| Transfer in / transfer out | - | - | 1,557 | 27 | 54 | 7,695 | (9,333) | - |
| 31 December 2019 | 256,118 | 256 | 198,933 | 80,262 | 50,572 | 60,735 | 8,006 | 654,882 |
| Reclassification to right-of-use assets due to the adoption of TFRS 16 | - | - | - | - | (30,665) | (150) | - | (30,815) |
| Acquisition | - | - | - | 16,362 | - | 2,279 | 21,662 | 40,303 |
| Transfer to inventories | - | - | - | - | - | (942) | (27) | (969) |
| Disposal / write-off | - | - | (19,000) | (2,708) | (1,665) | (2,182) | (327) | (25,882) |
| Transfer in / transfer out | - | - | 1,015 | 3 | - | 5,972 | (6,990) | - |
| 31 December 2020 | 256,118 | 256 | 180,948 | 93,919 | 18,242 | 65,712 | 22,324 | 637,519 |

Consolidated financial statements (continued)

(Unit: Thousand Baht)

| | Revaluation basis | Cost basis | | | | | |
|---|-------------------|------------------|-----------------------------------|---------------------------------|----------------|--|--|
| | | Land improvement | Building and building improvement | Machinery and factory equipment | Motor vehicles | Office furniture, fixtures and equipment | Assets under installation and construction in progress |
| Accumulated depreciation | | | | | | | Total |
| 1 January 2019 | - | 242 | 51,047 | 40,378 | 26,992 | 30,827 | - |
| Depreciation for the year | - | 10 | 13,519 | 9,623 | 7,272 | 7,618 | - |
| Depreciation for disposals / write-off / transfer-out | - | - | - | (91) | (2,519) | (2,538) | - |
| 31 December 2019 | - | 252 | 64,566 | 49,910 | 31,745 | 35,907 | - |
| Reclassification to right-of-use assets due to the adoption of TFRS 16 | - | - | - | - | (14,943) | (68) | - |
| Depreciation for the year | - | 4 | 13,199 | 10,544 | 1,047 | 8,751 | - |
| Depreciation for disposals / write-off / transfer-out | - | - | (2,489) | (765) | (1,613) | (1,655) | - |
| 31 December 2020 | - | 256 | 75,276 | 59,689 | 16,236 | 42,935 | - |
| Net book value | | | | | | | |
| 31 December 2019 | 256,118 | 4 | 134,367 | 30,352 | 18,827 | 24,828 | 8,006 |
| 31 December 2020 | 256,118 | - | 105,672 | 34,230 | 2,006 | 22,777 | 22,324 |
| Depreciation for the year | | | | | | | |
| 2019 (Baht 15.1 million included in cost of sales and services, and the remaining balance in selling and administrative expenses) | | | | | | | 38,042 |
| 2020 (Baht 15.6 million included in cost of sales and services, and the remaining balance in selling and administrative expenses) | | | | | | | 33,545 |

Separate financial statements

(Unit: Thousand Baht)

| | Revaluation basis | Cost basis | | | | | |
|--|-------------------|------------------|-----------------------------------|---------------------------------|----------------|--|--|
| | | Land improvement | Building and building improvement | Machinery and factory equipment | Motor vehicles | Office furniture, fixtures and equipment | Assets under installation and construction in progress |
| | Land | | | | | | Total |
| Cost/Revalued amount | | | | | | | |
| 1 January 2019 | 202,372 | 256 | 196,557 | 55,832 | 47,353 | 50,014 | 554,629 |
| Acquisition | 17,144 | - | 819 | 18,362 | 5,757 | 4,873 | 63,038 |
| Revaluation | 36,602 | - | - | - | - | - | 36,602 |
| Transfer to inventories | - | - | - | - | - | (877) | (895) |
| Disposal / write-off | - | - | - | (1,239) | (3,590) | (2,568) | (8,374) |
| Transfer in / transfer out | - | - | 1,557 | 27 | 54 | 7,695 | - |
| 31 December 2019 | 256,118 | 256 | 198,933 | 72,982 | 49,574 | 59,137 | 645,000 |
| Reclassification to right-of-use assets due to the adoption of TFRS 16 | - | - | - | - | (30,116) | (150) | (30,266) |
| Acquisition | - | - | - | 14,219 | - | 2,264 | 38,140 |
| Transfer to inventories | - | - | - | - | - | (942) | (962) |
| Disposal / write-off | - | - | (19,000) | (4,147) | (1,665) | (2,182) | (27,321) |
| Transfer in / transfer out | - | - | 1,015 | - | - | 5,972 | - |
| 31 December 2020 | 256,118 | 256 | 180,948 | 83,054 | 17,793 | 64,099 | 624,591 |

Separate financial statements (continued)

(Unit: Thousand Baht)

[illegible]

The Company arranged for independent professional valuers to appraise the value of the land at the end of the year 2019. The land was revalued using the market approach. The Company recorded the resulting increase in asset values net of income tax, totaling approximately Baht 29.3 million, in "surplus on revaluation of assets" in the statement of changes in shareholders' equity for the year 2019.

Had the land been carried in the financial statements based on historical cost, its net book value as of 31 December 2020 would have been Baht 167.6 million (2019: Baht 167.6 million).

As at 31 December 2020, certain items of buildings and equipment have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment of those assets (if any) amounted to approximately Baht 138.2 million (the Company only: Baht 138.2 million) (2019: Baht 109.7 million, the Company only: Baht 109.7 million).

The Company has placed a majority of its land with structures thereon as collateral for short-term and long-term credit facilities granted by commercial banks.

17. Land awaiting future development

As at 31 December 2020 and 2019, the Company had land awaiting future development amounting to Baht 8.3 million. The Company placed land with net book value by Baht 3.2 million as collateral for short-term and long-term credit facilities granted by commercial banks.

18. Leases

18.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 1 – 6 years.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | |
|---|-----------------------------------|---------------|-----------|---------------|---------------|
| | Land | Buildings | Equipment | Motor vehicle | Total |
| 1 January 2020 | – | – | – | – | – |
| Reclassification to right-of-use assets due to the adoption of TFRS 16 | 961 | 24,362 | 82 | 15,722 | 41,127 |
| Additions | – | 2,230 | – | 2,179 | 4,409 |
| Disposal during the year – net book value | – | – | – | (115) | (115) |
| Depreciation for the year | (215) | (13,651) | (30) | (6,243) | (20,139) |
| 31 December 2020 | <u>746</u> | <u>12,941</u> | <u>52</u> | <u>11,543</u> | <u>25,282</u> |

(Unit: Thousand Baht)

| | Separate financial statements | | | | |
|---|-------------------------------|---------------|-----------|---------------|---------------|
| | Land | Buildings | Equipment | Motor vehicle | Total |
| 1 January 2020 | - | - | - | - | - |
| Reclassification to right-of-use assets due to the adoption of TFRS 16 | 961 | 24,362 | 82 | 15,274 | 40,679 |
| Additions | - | 2,230 | - | 2,179 | 4,409 |
| Disposal during the year - net book value | - | - | - | (115) | (115) |
| Depreciation for the year | (215) | (13,651) | (30) | (6,133) | (20,029) |
| 31 December 2020 | <u>746</u> | <u>12,941</u> | <u>52</u> | <u>11,205</u> | <u>24,944</u> |

b) Lease liabilities

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------|-------------------------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| Lease payments | 27,751 | 10,586 | 27,490 | 10,207 |
| Less: Deferred interest expenses | (1,678) | (796) | (1,657) | (767) |
| Total | <u>26,073</u> | <u>9,790</u> | <u>25,833</u> | <u>9,440</u> |
| Less: Portion due within one year | (11,504) | (4,322) | (11,393) | (4,212) |
| Lease liabilities - net of current portion | <u>14,569</u> | <u>5,468</u> | <u>14,440</u> | <u>5,228</u> |

A maturity analysis of lease payments is disclosed in Note 36 under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

| | For the year ended 31 December 2020 | |
|---|-------------------------------------|-------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Depreciation expenses of right-of-use assets | 20,139 | 20,029 |
| Interest expenses on lease liabilities | 986 | 977 |
| Expenses relating to short-term leases | 2,397 | 2,397 |
| Expenses relating to leases of low-value assets | 40 | 40 |

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 17.75 million, including the cash outflow related to short-term lease and leases of low-value assets. Moreover, the Group had non-cash additions to lease liabilities of 3.78 million.

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18.2 Group as a lessor

The Group has entered into operating leases for its investment property in respect of the lease of warehouse. The term of the agreement is 3 years.

Future minimum lease payments expected to be received under non-cancellable operating lease as at 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

| | As at 31 December | |
|--------------------|-------------------|------|
| | 2020 | 2019 |
| | | |
| Receivable within: | | |
| 1 year | 21.2 | 21.5 |
| 2 to 3 years | 5.4 | 27.2 |

19. Intangible assets

(Unit: Thousand Baht)

| | Consolidated financial statements | | |
|---------------------------------|-----------------------------------|--------------------------------------|---------|
| | Computer software | Computer software under installation | Total |
| Cost | | | |
| 1 January 2019 | 24,211 | 366 | 24,577 |
| Acquisition | 410 | 262 | 672 |
| Write-off | (51) | – | (51) |
| 31 December 2019 | 24,570 | 628 | 25,198 |
| Acquisition | 1,276 | 1,542 | 2,818 |
| Write-off | (43) | (1,267) | (1,310) |
| 31 December 2020 | 25,803 | 903 | 26,706 |
| Accumulated amortisation | | | |
| 1 January 2019 | 20,690 | – | 20,690 |
| Amortisation during the year | 1,999 | – | 1,999 |
| Amortisation of write-off | (38) | – | (38) |
| 31 December 2019 | 22,651 | – | 22,651 |
| Amortisation during the year | 2,088 | – | 2,088 |
| Amortisation of write-off | (35) | – | (35) |
| 31 December 2020 | 24,704 | – | 24,704 |
| Net book value | | | |
| 31 December 2019 | 1,919 | 628 | 2,547 |
| 31 December 2020 | 1,099 | 903 | 2,002 |

20. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

| | Interest rate (percent per annum) | | Consolidated / Separate financial statements | |
|------------------|--------------------------------------|-------------|---|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| Trust receipts | 1.86 – 3.00 | 3.25 – 4.50 | 148,265 | 160,421 |
| Promissory notes | MLR – 2.00, 2.72 – 3.00 | MLR – 2.00 | 33,590 | 50,000 |
| | | | <u>181,855</u> | <u>210,421</u> |

Bank overdrafts and short-term loans from banks are secured by the mortgage of the majority of the Company's land with structures thereon and investment properties.

21. Trade and other payables

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------------|----------------------------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| Trade accounts payable – related parties | 46 | 247 | 15,631 | 17,323 |
| Trade accounts payable – unrelated parties | 11,845 | 19,170 | 9,713 | 15,397 |
| Other payables – related parties | – | 105 | – | 100 |
| Other payables – unrelated parties | 61,085 | 50,586 | 60,961 | 50,402 |
| Accrued expenses – related parties | – | – | 561 | 973 |
| Accrued expenses – unrelated parties | 71,760 | 79,052 | 70,408 | 76,275 |
| Accrued managements benefits | 1,200 | 1,210 | 1,200 | 1,210 |
| Total trade and other payables | <u>145,936</u> | <u>150,370</u> | <u>158,474</u> | <u>161,680</u> |

22. Long-term loans from financial institution

(Unit: Thousand Baht)

| Loan | Interest rate (percent per annum) | Repayment schedule | Consolidated / Separate financial statements | |
|---|---|--|---|-----------------|
| | | | 2020 | 2019 |
| 1 | MLR – 2.00 | Monthly principal and interest installment by Baht 1.49 million | 33,425 | 49,778 |
| Total | | | <u>33,425</u> | <u>49,778</u> |
| Less: Current portion | | | <u>(17,904)</u> | <u>(17,904)</u> |
| Long-term loans from financial institutions – net of current portion | | | <u>15,521</u> | <u>31,874</u> |

Movement of the long-term loan during the year ended 31 December 2020 and 2019 are summarised below:

(Unit: Thousand Baht)

| | Consolidated / Separate financial statements |
|--------------------------------|---|
| Balance as at 1 January 2019 | 65,228 |
| Add: Additional borrowings | - |
| Less: Repayment | (15,450) |
| Balance as at 31 December 2019 | 49,778 |
| Add: Additional borrowings | - |
| Less: Repayment | (16,353) |
| Balance as at 31 December 2020 | 33,425 |

A long-term loan of the Company under credit facilities of Baht 80 million, both principal and interest, is monthly repayable in 60 installments. The loan carries interest at a rate of MLR + 2.00% per annum. The loan is secured by the mortgage of the majority of the Company's land and construction thereon.

The loan agreement contains several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

23. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, is as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|---------|----------------------------------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| Provision for long-term employee benefits at beginning of year | 17,658 | 18,433 | 17,196 | 18,254 |
| Included in profit or loss: | | | | |
| Current service cost | 3,420 | 4,037 | 3,192 | 3,762 |
| Interest cost | 276 | 374 | 261 | 366 |
| Past service costs | - | 2,263 | - | 2,263 |
| Benefits paid during the year | (1,915) | (8,679) | (1,915) | (8,679) |
| Actuarial (gain) loss arising from | | | | |
| Demographic assumptions changes | - | (384) | - | (384) |
| Financial assumptions changes | - | 476 | - | 476 |
| Experience adjustments | - | 1,138 | - | 1,138 |
| Provision for long-term employee benefits at end of year | 19,439 | 17,658 | 18,734 | 17,196 |

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law has been effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 2.26 million (the Company only: Baht 2.26 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law has been effective, which was the second quarter of 2019.

Actuarial losses arising from provision for defined benefit plans which were recognised in other comprehensive income of the Group in the year 2019 amounted to Baht 0.98 million (the Company only: Baht 0.98 million) (2020: Nil (the Company only: Nil)).

The Group expects to pay long-term employee benefits within the next one year amounting to Baht 2.56 million (the Company only: Baht 2.56 million) (2019: Baht 0.67 million (the Company only: Baht 0.67 million)).

As at 31 December 2020 and 2019, the weighted average duration of the liabilities for the long-term employee benefit obligation of the Group is 7.6 – 28.0 years (the Company only: 7.6 years).

Significant actuarial assumptions are summarised below:

| | (Unit: percent per annum) | | | |
|----------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Discount rate | 1.55 and 3.36 | 1.55 and 3.36 | 1.55 | 1.55 |
| Salary increase rate | 5.00 and 6.00 | 5.00 and 6.00 | 6.00 | 6.00 |
| Staff turnover rate | 1.91 – 52.00 | 1.91 – 52.00 | 14.00 – 52.00 | 14.00 – 52.00 |

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

| | (Unit: Thousand Baht) | | | |
|--|-----------------------------------|---------|----------|---------|
| | Consolidated financial statements | | | |
| | Increase | | Decrease | |
| | 2020 | 2019 | 2020 | 2019 |
| Discount rate (+/- 1%) | (1,528) | (1,318) | 1,742 | 1,497 |
| Salary increase rate (+/- 1%) | 1,984 | 1,520 | (1,765) | (1,364) |
| Staff turnover rate (+/- 1% and +/- 20%) | (1,651) | (1,411) | 611 | 456 |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|-------------------------------|-------------------------------|---------|----------|---------|
| | Increase | | Decrease | |
| | 2020 | 2019 | 2020 | 2019 |
| Discount rate (+/- 1%) | (1,381) | (1,218) | 1,550 | 1,365 |
| Salary increase rate (+/- 1%) | 1,780 | 1,386 | (1,608) | (1,261) |
| Staff turnover rate (+/- 1%) | (1,471) | (1,293) | 347 | 284 |

24. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Current income tax: | | | | |
| Current income tax charge | 35,045 | 67,681 | 33,294 | 65,195 |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | <u>(1,034)</u> | <u>(2,838)</u> | <u>(920)</u> | <u>(2,730)</u> |
| Income tax expenses reported in profit or loss | <u><u>34,011</u></u> | <u><u>64,843</u></u> | <u><u>32,374</u></u> | <u><u>62,465</u></u> |

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|---------------------|-------------------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Deferred tax related to changes in surplus on revaluation of assets | - | 7,320 | - | 7,320 |
| Deferred tax related to actuarial loss | - | (246) | - | (246) |
| Total | <u><u>-</u></u> | <u><u>7,074</u></u> | <u><u>-</u></u> | <u><u>7,074</u></u> |

The reconciliation between accounting profit and income tax expenses is shown below:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------------|----------------------------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| Accounting profit before tax | <u>168,408</u> | <u>328,394</u> | <u>161,679</u> | <u>315,596</u> |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 33,682 | 65,679 | 32,336 | 63,119 |
| Adjustment in respect of income tax of previous year | 19 | – | (1) | – |
| Effects of: | | | | |
| Non-deductible expenses (reversal) | 1,753 | 1,054 | 1,753 | 1,110 |
| Tax exemption income | – | (89) | – | (89) |
| Additional deductible expenses allowed | (1,880) | (1,693) | (1,714) | (1,675) |
| Share of gain from investments in joint venture and associate | 250 | (255) | – | – |
| Tax effect of intercompany transactions | 187 | 147 | – | – |
| Total | <u>310</u> | <u>(836)</u> | <u>39</u> | <u>(654)</u> |
| Income tax expenses reported in profit or loss | <u>34,011</u> | <u>64,843</u> | <u>32,374</u> | <u>62,465</u> |

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|-----------------|-------------------------------|-----------------|
| | 2020 | 2019 | 2020 | 2019 |
| Deferred tax assets | | | | |
| Allowance for expected credit losses (2019: Allowance for doubtful accounts) | 964 | 1,056 | 964 | 1,056 |
| Allowance for diminution in value of inventories | 8,100 | 9,006 | 8,020 | 8,991 |
| Provision for long-term employee benefits | 3,888 | 3,532 | 3,747 | 3,440 |
| Lease | 3,855 | – | 3,855 | – |
| Provision of right to return goods | 4,013 | 3,987 | 4,013 | 3,987 |
| Total | <u>20,820</u> | <u>17,581</u> | <u>20,599</u> | <u>17,474</u> |
| Deferred tax liabilities | | | | |
| Surplus of fair value from book value of investment properties | 21,815 | 21,796 | 21,815 | 21,796 |
| Surplus on revaluation of land | 17,696 | 17,696 | 17,696 | 17,696 |
| Surplus of fair value from book value of land and building transferred from investment properties | 3,834 | 4,225 | 3,834 | 4,225 |
| Lease | 2,738 | – | 2,738 | – |
| Goods expected to be returned by customers | 1,300 | 1,461 | 1,300 | 1,461 |
| Total | <u>47,383</u> | <u>45,178</u> | <u>47,383</u> | <u>45,178</u> |
| Presented in the statements of financial position as follows: | | | | |
| Deferred tax assets | 20,820 | 17,581 | 20,599 | 17,474 |
| Deferred tax liabilities | (47,383) | (45,178) | (47,383) | (45,178) |
| Net deferred tax liabilities | <u>(26,563)</u> | <u>(27,597)</u> | <u>(26,784)</u> | <u>(27,704)</u> |

25. Finance income

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------------|-----------------------------------|--------------|-------------------------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| Interest income on bank deposits | 167 | 327 | 164 | 319 |
| Interest income on loans | 143 | 1,135 | 143 | 1,135 |
| Interest income on leases | 736 | 118 | 736 | 118 |
| Total | <u>1,046</u> | <u>1,580</u> | <u>1,043</u> | <u>1,572</u> |

26. Finance cost

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|---------------|-------------------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| Interest expenses on borrowings | 8,272 | 8,801 | 8,272 | 8,801 |
| Interest expenses on lease liabilities | 986 | 488 | 976 | 466 |
| Others | 1,116 | 910 | 1,105 | 915 |
| Total | <u>10,374</u> | <u>10,199</u> | <u>10,353</u> | <u>10,182</u> |

27. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------|-------------------------------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| Salaries and wages and other employee benefits | 261,492 | 250,467 | 222,108 | 215,313 |
| Depreciation | 48,045 | 38,042 | 45,684 | 36,079 |
| Amortisation | 2,088 | 1,999 | 1,956 | 1,879 |
| Allowance for expected credit losses (2019: Allowance for doubtful accounts) | 10,606 | 5,029 | 10,630 | 5,029 |
| Advertising and sales promotion expenses | 103,302 | 145,038 | 103,302 | 145,038 |
| Loss on cost reduction of inventories to net realisable value (reversal) | (4,536) | 9,754 | (4,857) | 9,678 |
| Rental expenses from operating lease agreements | 2,437 | 17,975 | 2,437 | 17,975 |
| Raw materials and consumables used | 595,583 | 676,983 | 593,427 | 575,431 |
| Purchase of goods | 578,130 | 559,671 | 686,703 | 673,735 |
| Changes in finished goods and work in process | (9,226) | (43,392) | (9,097) | (44,730) |

28. Earnings per share

Basic earnings per share is calculated by dividing profit or loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

29. Revaluation surplus of assets

This represents the revaluation surplus on land which can neither be offset against deficit nor used for dividend payment.

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30. Dividends

| Dividends | Approved by | Total dividends (Thousand Baht) | Dividend per share (Baht) |
|----------------------------|--|------------------------------------|------------------------------|
| Final dividends for 2019 | Annual General Meeting of the shareholders on 5 May 2020 | 61,600 | 0.07 |
| Interim dividends for 2020 | Board of Directors' meeting on 14 May 2020 | 26,400 | 0.07 |
| | Board of Directors' meeting on 10 August 2020 | 26,399 | 0.07 |
| | Board of Directors' meeting on 13 November 2020 | 35,199 | 0.04 |
| Total dividends for 2020 | | <u>149,598</u> | <u>0.17</u> |
| Final dividends for 2018 | Annual General Meeting of the shareholders on 26 April 2019 | 61,546 | 0.07 |
| Interim dividends for 2019 | Board of Directors' meeting on 13 May 2019 | 61,598 | 0.07 |
| | Board of Directors' meeting on 9 August 2019 | 61,600 | 0.07 |
| | Board of Directors' meeting on 12 November 2019 | 61,599 | 0.07 |
| Total dividends for 2019 | | <u>246,343</u> | <u>0.28</u> |

31. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

32. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its products and services and have two reportable segments as follows:

- Manufacture and distribution of consumer products segment
- Warehouse rental and warehouse service segment

The Company's associate operates property development business.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss, total assets and total liabilities on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit, total assets and total liabilities information regarding the Group's operating segments for the years ended 31 December 2020 and 2019, respectively.

(Unit: Thousand Baht)

| Year ended 31 December 2020 | Manufacture and distribution of consumer products segment | Warehouse rental and warehouse service segment | Total reportable segments | Adjustments and eliminations | Consolidated financial statements |
|--|---|--|---------------------------|------------------------------|-----------------------------------|
| Revenue from external customers | 1,293,987 | 21,170 | 1,315,157 | - | 1,315,157 |
| Interest revenue | 319 | - | 319 | - | 319 |
| Interest expenses | (9,258) | - | (9,258) | - | (9,258) |
| Depreciation and amortisation | (55,772) | - | (55,772) | - | (55,772) |
| Allowance for expected credit losses | (10,606) | - | (10,606) | - | (10,606) |
| Reversal of allowance for reducing cost of inventories to net realisable value | 4,536 | - | 4,536 | - | 4,536 |
| Gain on revaluation of investment properties to fair value | - | 100 | 100 | - | 100 |
| Share of loss from investments in joint venture and associate | (1,249) | - | (1,249) | - | (1,249) |
| Income tax expenses | (29,767) | (4,244) | (34,011) | - | (34,011) |
| Segment profit | 117,420 | 16,977 | 134,397 | - | 134,397 |
| Segment total assets | 1,398,394 | 122,400 | 1,520,794 | - | 1,520,794 |
| Investments in joint venture and associate accounted for by the equity method | 190,240 | - | 190,240 | - | 190,240 |
| Additions to non-current assets other than financial instruments and deferred tax assets | (11,519) | 100 | (11,419) | - | (11,419) |
| Segment total liabilities | 513,777 | - | 513,777 | - | 513,777 |

(Unit: Thousand Baht)

| | Manufacture and distribution of consumer products segment | Warehouse rental and warehouse service segment | Total reportable segments | Adjustments and eliminations | Consolidated financial statements |
|--|---|--|---------------------------|------------------------------|-----------------------------------|
| Year ended 31 December 2019 | | | | | |
| Revenue from external customers | 1,486,648 | 21,067 | 1,507,715 | - | 1,507,715 |
| Interest revenue | 1,466 | - | 1,466 | - | 1,466 |
| Interest expenses | (9,288) | - | (9,288) | - | (9,288) |
| Depreciation and amortisation | (40,041) | - | (40,041) | - | (40,041) |
| Allowance for doubtful accounts | (5,029) | - | (5,029) | - | (5,029) |
| Allowance for reducing cost of inventories to net realisable value | (9,754) | - | (9,754) | - | (9,754) |
| Gain on revaluation of investment properties to fair value | - | 460 | 460 | - | 460 |
| Share of gain from investments in joint venture and associate | 1,275 | - | 1,275 | - | 1,275 |
| Income tax expenses | (60,621) | (4,222) | (64,843) | - | (64,843) |
| Segment profit | 246,665 | 16,886 | 263,551 | - | 263,551 |
| Segment total assets | 1,482,064 | 122,300 | 1,604,364 | - | 1,604,364 |
| Investments in joint venture and associate accounted for by the equity method | 191,184 | - | 191,184 | - | 191,184 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 57,406 | 460 | 57,866 | - | 57,866 |
| Segment total liabilities | 582,452 | - | 582,452 | - | 582,452 |

Geographic information

The Group is operated mainly in Thailand. As a result, all of revenues, assets and liabilities as reflected in these financial statements pertain to the aforementioned geographical reportable segment.

Major customers

For the year 2020, the Group has revenue from a group of major customers in the amount of Baht 335 million, arising from sales by the manufacture and distribution of consumer products segment (2019: Baht 215 million derived from a group of major customers, arising from sales by the manufacture and distribution of consumer products segment)

33. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 2 percent of basic salary. The fund, which is managed by SCB Asset management Co.,Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions of the Group for the year 2020 amounting to approximately Baht 1.82 million (the Company only: Baht 1.74 million) (2019: Baht 1.76 million and the Company only: Baht 1.69 million) were recognised as expenses.

34. Commitment and contingent liabilities

34.1 Operating lease and service agreements commitments

In 2020, the Group has adopted TFRS 16. As at 1 January 2020, the Group recognised the lease liabilities previously classified as operating lease at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate, as described in Note 3.

As at 31 December 2020, the Group had future minimum payments required under non-cancellable leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, and non-cancellable service agreements are as follows:

As at 31 December 2019, the Group had future minimum payments required under the non-cancellable operating leases and service agreements as follows:

(Unit: Million Baht)

| | As at 31 December | |
|-----------------|-------------------|------|
| | 2020 | 2019 |
| Payable within: | | |
| 1 year | 14.8 | 20.8 |
| 2 to 3 years | 5.0 | 20.9 |

34.2 Commitments in respect of purchases of finished goods and capital expenditure

As at 31 December 2020 and 2019, the Company had commitments related to the construction of buildings and the purchases of machinery, equipment, inventories and computer software as follows:

(Unit: Million Baht)

| | As at 31 December | |
|-------------------|-------------------|------|
| | 2020 | 2019 |
| <u>Currencies</u> | | |
| THB | 7.7 | 20.2 |
| USD | – | 0.8 |
| RMB | – | 1.0 |

34.3 Guarantees

As at 31 December 2020, there were outstanding bank guarantees of Baht 0.5 million (2019: Baht 0.5 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of their business.

As at 31 December 2019, the Company had issued letters of guarantee amounting to Baht 1 million on behalf of its subsidiary to its supplier in respect of certain performance bonds required in the normal course of the subsidiary's business (2020: Nil).

34.4 Litigation

In 2018, the Central Intellectual Property and International Trade Court rendered a judgment ordering the Company and its executive to pay damages amounting to approximately Baht 2.11 million to Microsoft Corporation and 3 co-plaintiffs in a lawsuit brought for violation of the copyright of computer software belonging to the plaintiffs. The plaintiffs subsequently appealed the judgment and on March 25, 2019, the Specialised Court of Appeal rendered a judgment ordering the Company pay damages totaling Baht 16.74 million.

On 16 August 2019, the Company filed an appeal against the judgement of the Court of Appeal for Specialised Cases with the Supreme Court. During the current year, the Supreme Court reached a decision not to accept the appeal. As a result, the Company recognised damage expenses together with interest totaling Baht 19.79 million in accordance with the judgment rendered by the Court of Appeal for Specialised Cases.

35. Fair value hierarchy

As at 31 December 2020 and 2019, the Group had the assets that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

| | 31 December 2020 | | | |
|--------------------------------------|--|---------|---------|---------|
| | Consolidated / Separate Financial Statements | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Investment properties | – | – | 122,400 | 122,400 |
| Land | – | – | 256,118 | 256,118 |

(Unit: Thousand Baht)

| | 31 December 2019 | | | |
|--------------------------------------|--|---------|---------|---------|
| | Consolidated / Separate Financial Statements | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Investment properties | – | – | 122,300 | 122,300 |
| Land | – | – | 256,118 | 256,118 |

36. Financial instruments

36.1 Financial risk management objective and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans to, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade accounts receivable

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade accounts receivable are regularly monitored. In addition, the Group does not have high concentrations of credit risk since it has a large customer base in various industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by product type and customer type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Market risk

There are two types of market risk comprising currency risk and interest rate risk. The Group sometime considers to enter into a variety of derivatives to manage its risk exposure, including foreign exchange forward contracts to hedge the foreign currency risk arising on the import of goods.

As at 31 December 2020 and 2019, the Group had no foreign exchange forward contracts outstanding.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies.

As at 31 December 2020 and 2019, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

| Currency | Financial assets as at 31 December | | Financial liabilities as at 31 December | | Average exchange rate as at 31 December | |
|----------|---------------------------------------|-----------|--|-----------|--|---------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| USD | – | – | 3.70 | 2.57 | 30.0371 | 30.1540 |
| JPY | 0.06 | 0.06 | – | – | 0.2907 | 0.2759 |
| RMB | – | – | – | 0.35 | 4.6187 | 4.3147 |
| EURO | – | – | – | 0.01 | 36.8764 | 33.7311 |

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities as at 31 December 2020. The Group's exposure to foreign currency changes for all other currencies is not material. This information is not a forecast or prediction of future market conditions and should be used with care.

| Currency | Increase / Decrease | Effect on profit before tax |
|-----------|---------------------|-----------------------------|
| | (%) | (Thousand Baht) |
| US Dollar | +10 | 11,112 |
| | –10 | (11,112) |

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term borrowings and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rate which are close to the market rate.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

| Consolidated financial statements as at 31 December 2020 | | | | | | |
|--|---------------|----------------------|-----------|------------------------|----------------------|------------|
| | Interest rate | Fixed interest rates | | Floating interest rate | Non-interest bearing | Total |
| | | within 1 year | 1-5 years | | | |
| | (% p.a.) | | | | | |
| Financial Assets | | | | | | |
| Cash and cash equivalents | 0.05 – 0.25 | – | – | 8 | 1 | 9 |
| Trade and other receivables | – | – | – | – | 323 | 323 |
| Lease receivables | 5.56 – 10.72 | 4 | 6 | – | – | 10 |
| Long-term loans to related party | 5.00 | 1 | 1 | – | – | 2 |
| | | <u>5</u> | <u>7</u> | <u>8</u> | <u>324</u> | <u>344</u> |
| Financial liabilities | | | | | | |
| Bank overdrafts and short-term loans | 1.86 – 3.00, | | | | | |
| from financial institutions | MLR – 2.00 | 148 | – | 34 | – | 182 |
| Trade and other payables | – | – | – | – | 146 | 146 |
| Short-term loan from related party | 2.00 | 30 | – | – | – | 30 |
| Lease liabilities | 1.39 – 3.53 | 11 | 15 | – | – | 26 |
| Long-term loan from financial institutions | MLR – 2.00 | – | – | 33 | – | 33 |
| | | <u>189</u> | <u>15</u> | <u>67</u> | <u>146</u> | <u>417</u> |

(Unit: Million Baht)

| Consolidated financial statements as at 31 December 2019 | | | | | | |
|--|---------------|----------------------|-----------|------------------------|----------------------|------------|
| | Interest rate | Fixed interest rates | | Floating interest rate | Non-interest bearing | Total |
| | | within 1 year | 1-5 years | | | |
| | (% p.a.) | | | | | |
| Financial Assets | | | | | | |
| Cash and cash equivalents | 00.22 – 1.00 | – | – | 13 | 3 | 16 |
| Trade and other receivables | – | – | – | – | 394 | 394 |
| Finance lease receivables | 8.39 – 10.72 | 1 | 4 | – | – | 5 |
| Long-term loans to related party | 5.00 | 1 | 2 | – | – | 3 |
| | | <u>2</u> | <u>6</u> | <u>13</u> | <u>397</u> | <u>418</u> |
| Financial liabilities | | | | | | |
| Short-term loans from financial institutions | 3.25 – 4.50 | 160 | – | – | – | 160 |
| Promissory notes | MLR – 2.00 | – | – | 50 | – | 50 |
| Trade and other payables | – | – | – | – | 150 | 150 |
| Short-term loan from related party | 2.00 | 30 | – | – | – | 30 |
| Liabilities under finance lease agreements | 1.39 – 3.14 | 4 | 6 | – | – | 10 |
| Long-term loan from financial institutions | MLR – 2.00 | – | – | 50 | – | 50 |
| | | <u>194</u> | <u>6</u> | <u>100</u> | <u>150</u> | <u>450</u> |

(Unit: Million Baht)

| Separate financial statements as at 31 December 2020 | | | | | | |
|--|---------------|----------------------|-----------|------------------------|----------------------|------------|
| | Interest rate | Fixed interest rates | | Floating interest rate | Non-interest bearing | Total |
| | | within 1 year | 1-5 years | | | |
| Financial Assets | (% p.a.) | | | | | |
| Cash and cash equivalents | 0.05 – 0.25 | – | – | 5 | 3 | 8 |
| Trade and other receivables | – | – | – | – | 330 | 330 |
| Lease receivables | 5.56 – 10.72 | 4 | 6 | – | – | 10 |
| Long-term loans to related party | 5.00 | 1 | 1 | – | – | 2 |
| | | <u>5</u> | <u>7</u> | <u>5</u> | <u>333</u> | <u>350</u> |
| Financial liabilities | | | | | | |
| Bank overdrafts and short-term loans | 1.86 – 3.00, | | | | | |
| from financial institutions | MLR – 2.00 | 148 | – | 34 | – | 182 |
| Trade and other payables | – | – | – | – | 158 | 158 |
| Short-term loan from related party | 2.00 | 30 | – | – | – | 30 |
| Lease liabilities | 1.39 – 3.53 | 11 | 15 | – | – | 26 |
| Long-term loan from financial institutions | MLR – 2.00 | – | – | 33 | – | 33 |
| | | <u>189</u> | <u>15</u> | <u>67</u> | <u>158</u> | <u>429</u> |

(Unit: Million Baht)

| Separate financial statements as at 31 December 2019 | | | | | | |
|--|---------------|----------------------|-----------|------------------------|----------------------|------------|
| | Interest rate | Fixed interest rates | | Floating interest rate | Non-interest bearing | Total |
| | | within 1 year | 1-5 years | | | |
| Financial Assets | (% p.a.) | | | | | |
| Cash and cash equivalents | 00.22 – 1.00 | – | – | 11 | 3 | 14 |
| Trade and other receivables | – | – | – | – | 401 | 401 |
| Finance lease receivables | 8.39 – 10.72 | 1 | 4 | – | – | 5 |
| Long-term loans to related party | 5.00 | 1 | 2 | – | – | 3 |
| | | <u>2</u> | <u>6</u> | <u>11</u> | <u>404</u> | <u>423</u> |
| Financial liabilities | | | | | | |
| Short-term loans from financial institutions | 3.25 – 4.50 | 160 | – | – | – | 160 |
| Promissory notes | MLR – 2.00 | – | – | 50 | – | 50 |
| Trade and other payables | – | – | – | – | 162 | 162 |
| Short-term loan from related party | 2.00 | 30 | – | – | – | 30 |
| Liabilities under finance lease agreements | 1.39 – 3.14 | 4 | 5 | – | – | 9 |
| Long-term loan from financial institutions | MLR – 2.00 | – | – | 50 | – | 50 |
| | | <u>194</u> | <u>5</u> | <u>100</u> | <u>162</u> | <u>461</u> |

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of floating rate loans affected as at 31 December 2020, with all other variables held constant. This information is not a forecast or prediction of future market conditions and should be used with care.

| Currency | Increase/decrease | Effect on profit before tax |
|----------------|-------------------|-----------------------------|
| | (%) | (Thousand Baht) |
| Thai Baht loan | +10 | (234) |
| | - 10 | 234 |

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, account payables and other payables, bank loans and lease contracts. Approximately 93% of the Group's debt will mature in less than one year at 31 December 2020 (2019: 92%) (the Company only: 93% and 2019: 92%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

However, the Group has financial assets by Baht 337 Million (2019: Baht 412 Million) which mature in less than one year and have no impact on liquidity (Separate Financial Statements by Baht 343 Million and 2019: Baht 417 Million).

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | |
|---|-----------------------------------|------------------|--------------|-------------------|---------|
| | On demand | Less than 1 year | 1 to 5 years | More than 5 years | Total |
| Non-derivatives | | | | | |
| Bank overdraft and short-term loans from financial institutions | - | 181,855 | - | - | 181,855 |
| Trade and other payables | 145,936 | - | - | - | 145,936 |
| Short-term loan from related party | 30,000 | - | - | - | 30,000 |
| Lease liabilities | - | 11,504 | 14,569 | - | 26,073 |
| Long-term loans | - | 17,904 | 15,521 | - | 33,425 |
| Total non-derivatives | 175,936 | 211,263 | 30,090 | - | 417,289 |

(Unit: Thousand Baht)

| | Separate financial statements | | | | |
|---|-------------------------------|------------------|--------------|-------------------|---------|
| | On demand | Less than 1 year | 1 to 5 years | More than 5 years | Total |
| Non-derivatives | | | | | |
| Bank overdraft and short-term loans from financial institutions | – | 181,855 | – | – | 181,855 |
| Trade and other payables | 158,474 | – | – | – | 158,474 |
| Short-term loan from related party | 30,000 | – | – | – | 30,000 |
| Lease liabilities | – | 11,393 | 14,440 | – | 25,833 |
| Long-term loans | – | 17,904 | 15,521 | – | 33,425 |
| Total non-derivatives | 188,474 | 211,152 | 29,961 | – | 429,587 |

36.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value are not expected to be materially different from the amounts presented in the statements of financial position.

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans to, accounts payable and short-term loans from, their carrying amounts in the statements of financial position approximate their fair value.
- For equity securities, their fair value is generally derived from quoted market prices.
- For loans to, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For long-term loans of which the interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.

During the current year, there were no transfers within the fair value hierarchy.

37. Capital management

The primary objective of the Group's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statements of financial position as at 31 December 2020, the Group's debt-to-equity ratio was 0.5:1 (2019: 0.6:1) and the Company's debt-to-equity ratio was 0.6:1 (2019: 0.7:1).

38. Events after the reporting period

On 25 February 2021, the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of shareholders to be held on 22 April 2021 to approve the resolution to pay a total dividend payment by Baht 0.14 per share in respect of the operating result of 2020. The dividend payment is scheduled for 21 May 2021 and represents a year-end dividend of Baht 0.04 per share, inclusive of the interim dividend of Baht 0.10 per share, or a total of Baht 35.2 million. Such dividend will be paid and recorded after the payment is approved by the Annual General Meeting of the Company's shareholders.

39. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee and the Company's Board of Directors on 25 February 2021.

**ANNUAL
REPORT
2020**

KARMART

รายงานประจำปี 2563
บริษัท คาร์มาร์ท จำกัด (มหาชน)
สิ้นสุดวันที่ 31 ธันวาคม 2563