

Annual Report  
**2020**

LIVE A  
BEAUTIFUL  
LIFE

**BEAUTY**







## BEAUTY

We Believe that beauty is happiness. We would like to be the creator of beauty, inner and outer, for the healthy life.

## COMMUNITY

Community of beauty, customer are the vital part. We continuously share tips, beauty secrets and conduct activities with our customers.

## LIFESTYLE

We create new products to meet the need of new life style and changes.

## ECO FRIENDLY

We use material and ingredients that are environmental friendly.





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## Annual Report 2020

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

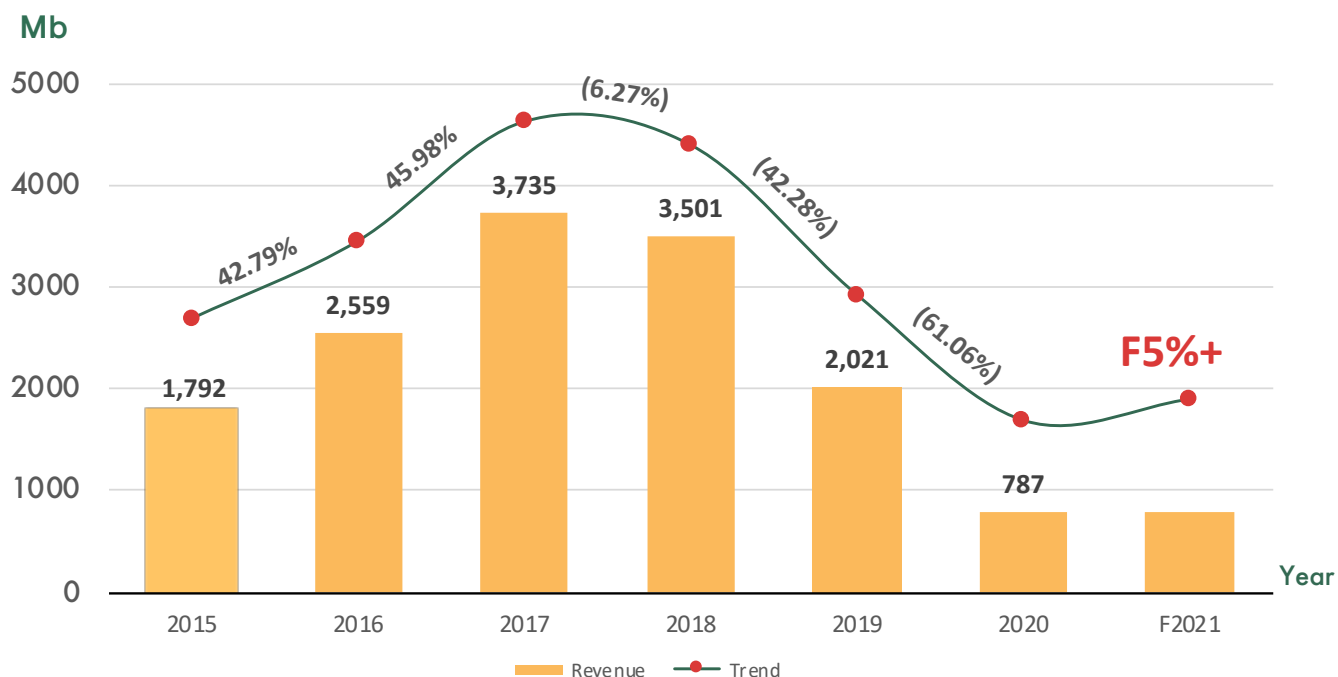
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## REVENUE & TREND



## P&L 2020 HIGHLIGHT

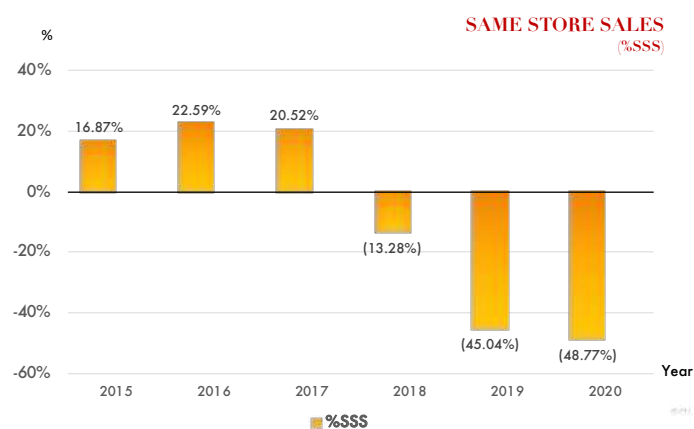
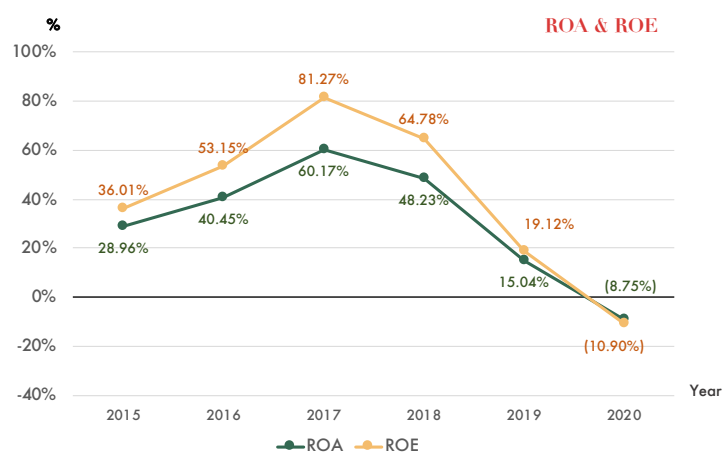
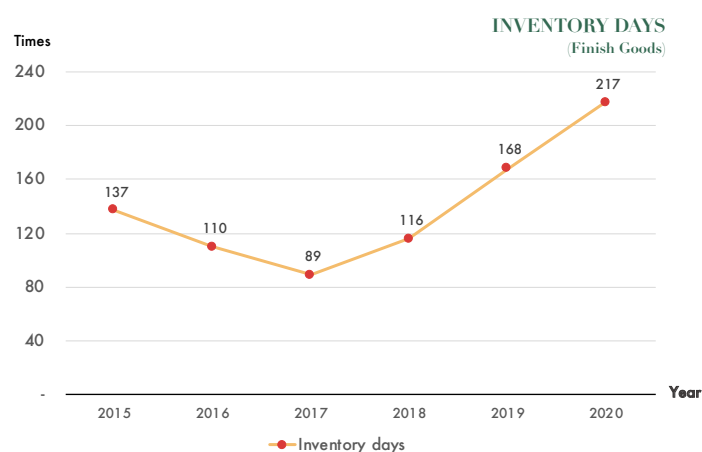
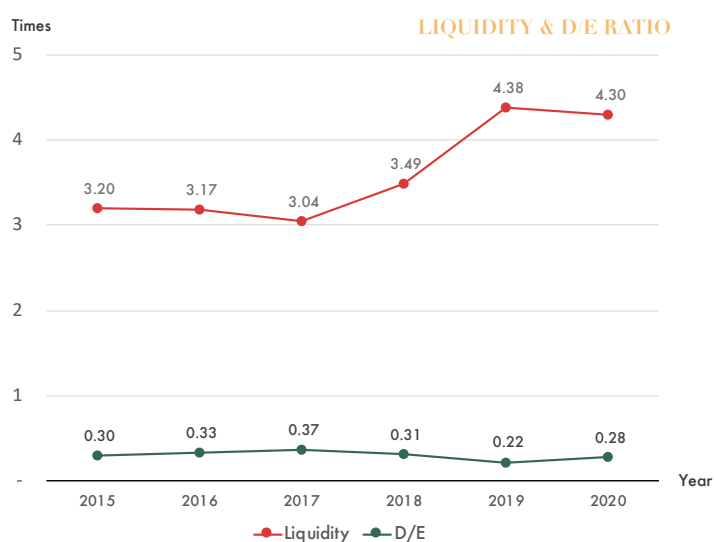
Profit & Loss (MB.)	2020	2019	YoY (%)
Revenue	786.83	2,020.77	(61.06%)
NPAT	(104.88)	232.58	(145.10%)
%NPAT	(13.33%)	11.51%	(24.84%)
%GP	54.08%	60.44%	(6.36%)
%Total Expenses	71.73%	46.31%	25.42%
%EBITDA	(9.05%)	16.99%	(26.03%)



## BALANCE SHEET

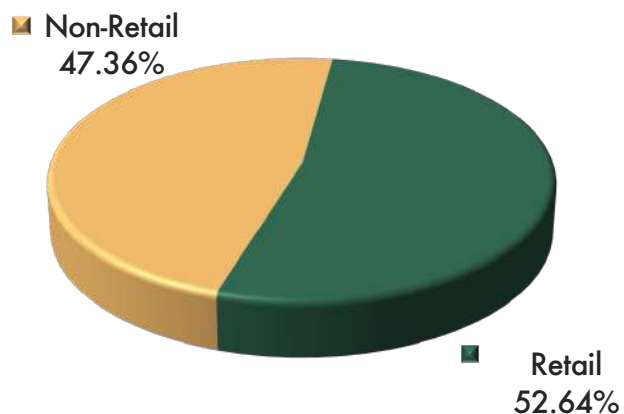
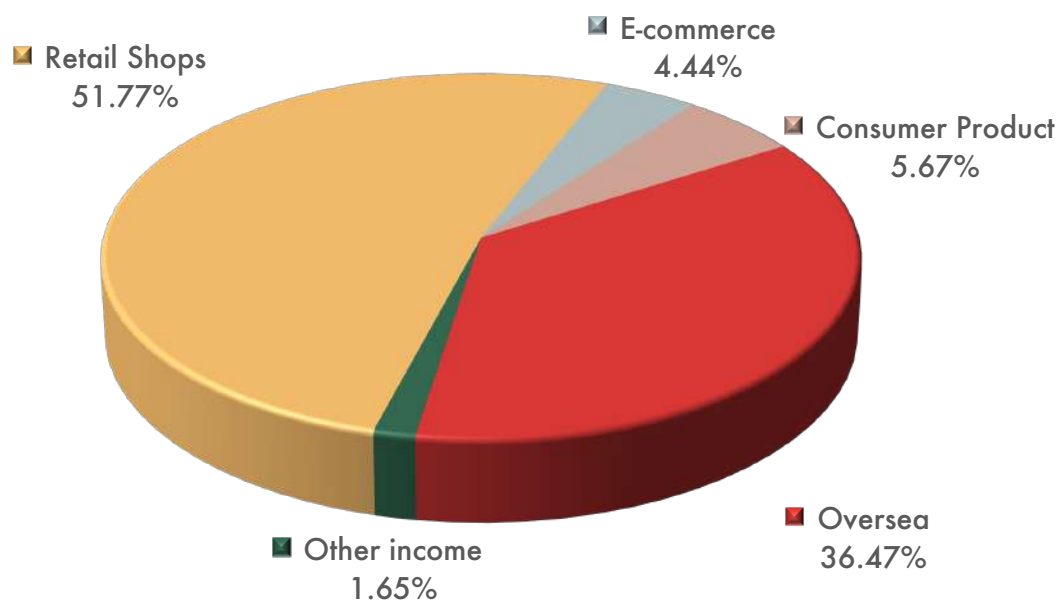
ASSETS	2020	2019	YoY
Cash and Temporary investments	426.38	454.66	-6.22%
Inventories	209.02	354.87	-41.10%
Total current assets	694.03	901.12	-22.98%
Property, plant and equipment	165.82	230.52	-28.07%
Total assets	1,082.26	1,315.92	-17.76%

LIABILITIES & EQUITY	2020	2019	YoY
Trade and other payables	88.01	177.24	-50.34%
Total current liabilities	161.46	205.93	-21.59%
Total liabilities	234.35	239.44	-2.12%
Authorized share capital	201.00	201.00	0.00%
Retained earnings	37.89	266.47	-85.78%
Total shareholder's equity	847.90	1,076.48	-21.23%



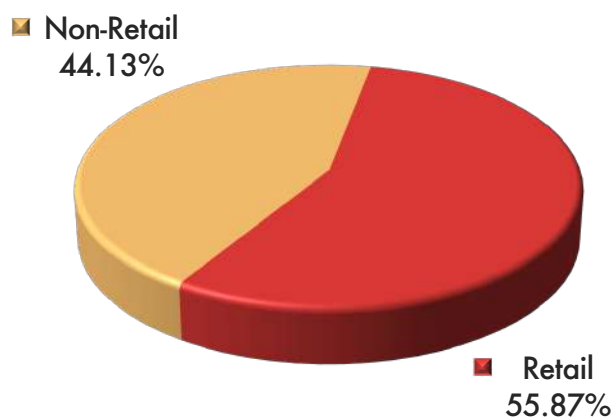


## SALES BY CHANNEL 2020



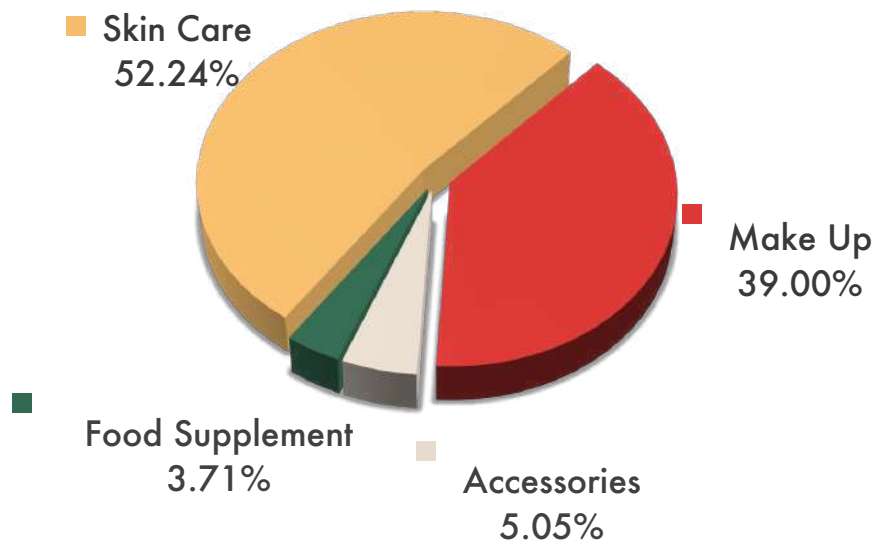
## OPERATING SEGMENTS 2020

## OPERATING SEGMENTS 2019

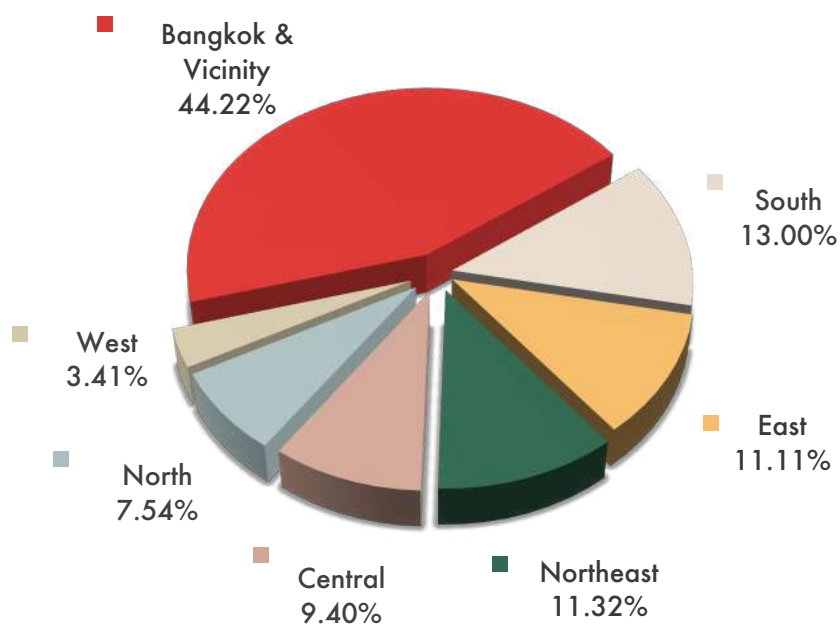




## SALES BY PRODUCTS 2020



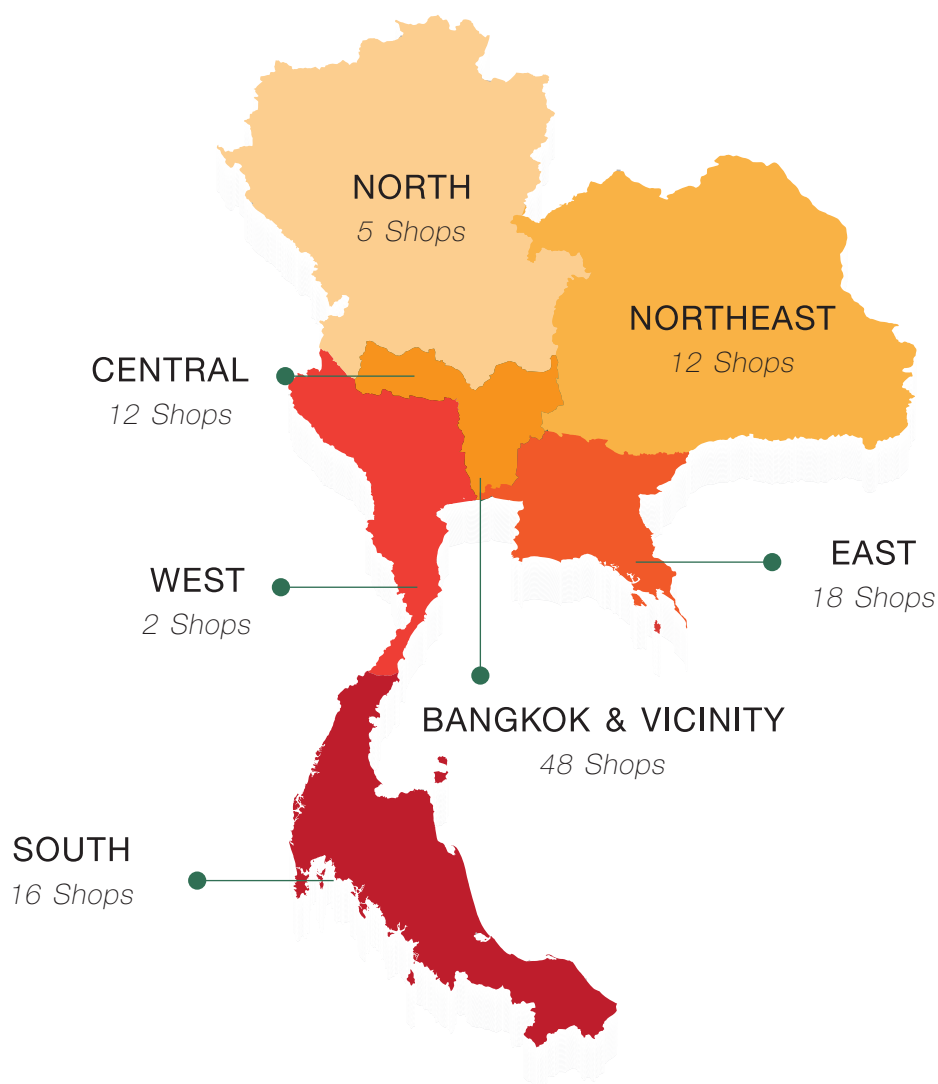
## SALES BY GEOGRAPHIC 2020



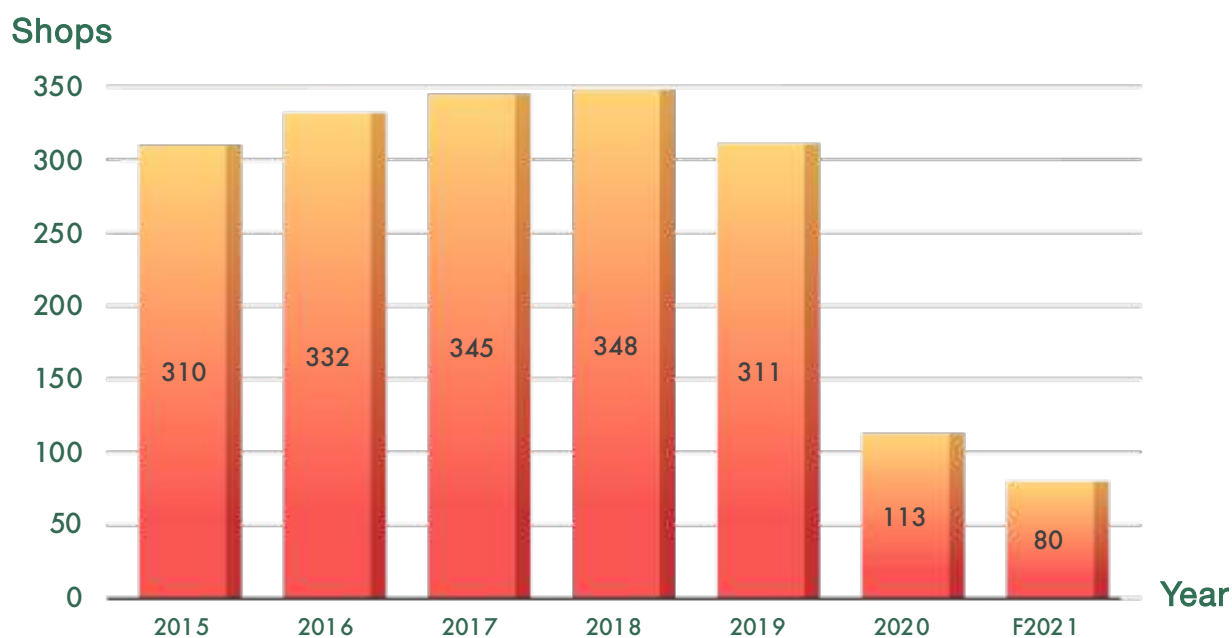


# SHOP BY GEOGRAPHIC

## 2020



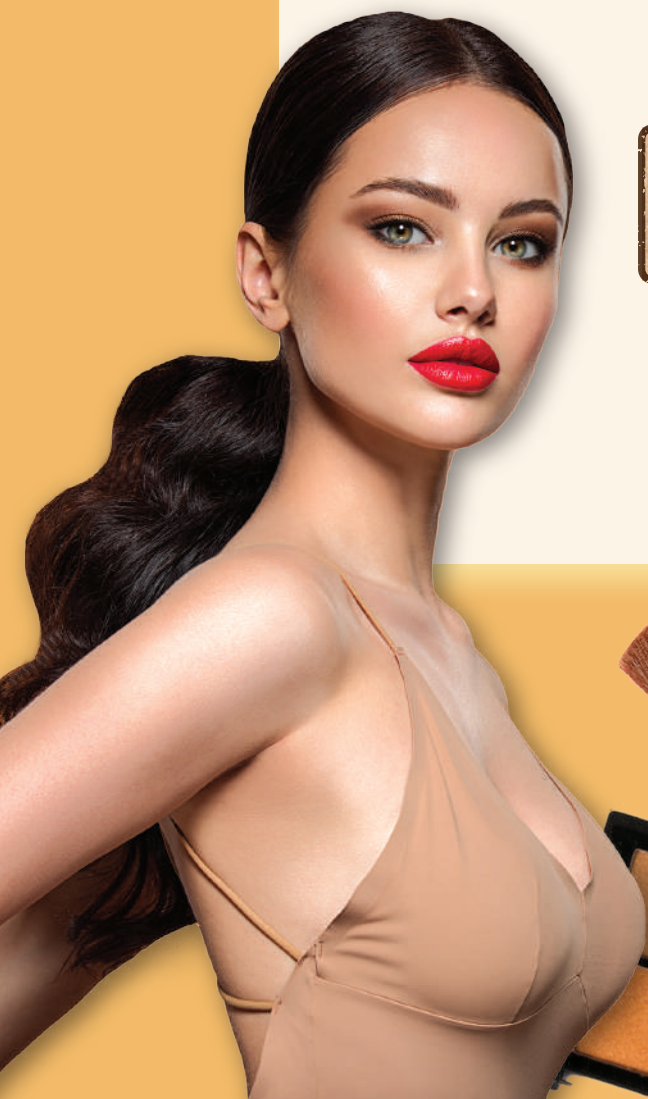
## SHOP EXPANSION HIGHLIGHTS







*Natural Crafted Beauty*





## MULTI BRAND

Meets the needs  
of various target  
groups.

## MULTI CHANNELS

Expanded to cover  
all distribution channels  
and reach wider target  
groups.

## MULTI PRODUCT

Cover all customer needs  
with different price levels  
to meet purchasing power  
and lifestyle.





BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

# EXECUTIVE

*Summary*





Formerly known as Monapolitan Company Limited, Beauty Community Public Company Limited (“Company” or “Beauty”) was established on October 19, 2000 by Dr. Suwin Kraibhubes and Mrs. Tanyapon Kraibhubes with the registered capital of 1 million baht. The “Company” conducts the business of retail sales of cosmetics and skincare products that aims to offer consumers alternative beauty products of premium quality from carefully selected raw materials to excellent product image. At present, The “Company” sells products in 6 groups including 1.Make-up product, 2.Facial care product, 3.Body Care product, 4.Hair Care product, 5.Beauty Drink & Food Supplement product, and 6.Beauty Accessories, total 818 items, 1,594 SKUs. Each product are different in design, distribution channels and market position. This is to match the demands of each target group and building large scale customer base that covers all beauty-product customer levels as follows:



“  
Creating the modern  
high quality beauty products  
to meet the needs of  
modern lifestyle.  
”



“Beauty Buffet” is a retail channel from the concept of buffet restaurant and cosmetic retail sales in order to create an outstanding uniqueness. Similar to buffet style of breakfast where a wide selection of fascinating dishes is waiting for you to taste, Beauty Buffet offers a wide range of cosmetic products so that customers can try different kinds of beauty product before confidently selecting the best choices. Designed in a buffet style of restaurant and decorated in vividly attracting colors, Beauty Buffet offers warmly and friendly service. Customers are free to test different kinds of product before selecting the ones that best suit them.



# BEAUTY BUFFET

In front of each Beauty Buffet shop will be a chef mascot, which is the symbol of the shop designed to attract customers as well as to match its buffet concept and the slogan of “The Most Delicious Beauty Shop in Town.” Beauty Buffet presents itself through Multi-brands. Each brand has been developed and registered its trademark under the name of the “Company”. Not only was each brand carefully selected, its image, pricing level, and market positioning were determined differently as follows in order to cover a large scale of target groups of dissimilar demands.

## GINO McCRAY® The Professional Make Up

Gino McCray : A cosmetic and make-up accessories brand offering vivid colors, unique packaging, and suitable price for career group to professional make-up artist.



The Bakery : A cosmetic and make-up accessories brand with stylishly modern and colorful design that best suits teenage group or make-up amateurs.



## SCENTIO® *Inspired by nature*

Scentio : A Personal Care product brand that offers a wide selection of natural extract skincare products for deep nourishing effect including shower cream, shampoo, conditioner, facial cream, body lotion, body scrub as well as hand and foot cream.



## LANSLEY® BEAUTY AND WELL-BEING

Lansley : A beauty product brand for functional skin care that enhances good points and diminishes weak points such as facial care product, body firming product, dark spot corrector, and anti-wrinkle product.







**Beauty Idol**

Beauty Idol : A brand dedicated to facial care products under the slogan “Donkey Milk Reborn”, which has gained inspiration and beauty ideas from the legendary 2,000-year-old, Empress Cleopatra to high-quality skin care products, for nourishing clear, smooth, soft, moisturized and youthful skin. From Donkey Milk Extract, Ginseng Berry Extract, Anti-Oxidant from Angiosperm in Korea, that contains 15 times more Saponin in ginseng root and 9 natural extracts (Skin Baby).



Miracle Perfect : A brand dedicated to high-quality skin care, has been designated a market position at a premium level, elegant design, focus on skin care from innovation, 100% pure vitamin C derivative, Madonna lily extract, Licorice extract, Arbutin, Nano LPD's Multivitamin, Multivitamin, Moss Extract, Marine Plankton (GP4G SP), Black Complex and Black Caviar.

The price of Beauty Buffet products are relatively worth, not expensive compared to other cosmetic brands sold in overall retail stores and even at counters of department store. There is a wide range of color selection to meet the demands of each target group from early teenage to career group that are looking for beauty and personal care products to better enhance their personality in modern style. Beauty Buffet products are distributed through its retail branches nationwide, branches of overseas distributors, consumer product channels and online channels.





# BEAUTY BUFFET



**BEAUTY BUFFET**  
The Most Delicious Beauty Shop In Town!





# Beauty Cottage

“Beauty Cottage” is a retail channel from the concept of blending between naturally extracted products and Vintage style whether in terms of shop interior design and packaging. It is the perfect combination of arts & crafts that matches between nature and elegant charms of Victorian women from the western world under the slogan of “Natural Crafted Beauty”. These beauty products sold in retail shops under a single brand of “Beauty Cottage”. Under this brand, selection of natural raw materials is highly essential. Some of the natural ingredients include flower extracts, fruit and vegetables extracts, herbal extracts, and many other plants that possess outstanding qualities in terms of skin nourishment, moisture protection, skin firming, anti-wrinkles, and skin brightening. “Beauty Cottage” is made especially for those who are looking for a natural way to care for their health and well-being. The target group for this brand is mainly university students and career group who prefers deep skincare effect and at the same time values simple yet elegant beauty. “Beauty Cottage” was launched in August 2001. Its product distributed through the company’s retail shops, branches of overseas distributors, consumer product channels and online channels.



Nevertheless, the market positioning of “Beauty Cottage” products aims at premium level, which is higher than “Beauty Buffet” products as it mainly focuses on selling natural beauty products for deep skin nourishment whereas “Beauty Buffet” is commonly known for its wide selection of cosmetic products of vibrant colors and stylish trend.





*Natural Crafted Beauty*



*Natural  
Crafted Beauty*







**MADE IN  
NATURE**

*Live a natural life*

“Made in Nature” presents the concept of natural products under a slogan of “Live Natural Life”, offers Premium Mass products, which is used in daily life. The target group for this brand are both men and women group, who focus on self-care and being general customers of high-end supermarkets. By using product packaging of natural colors, raw materials imported from abroad, which consists of 3 product groups as follow:

- Goat Milk Series
- Collagen & Q10 Series
- Hokkaido Milk Series

Beauty Community PCL (the company) has launched the products through large retail stores or Modern Trade in the 2nd quarter of 2012 under the Goat Milk Series. The current channels of Made in Nature products include Beauty Buffet retail shop (available throughout the country), foreign company is planning to release new products under this concept continuously at 31st December 2020. Made in Nature products are in three (3) categories – 12 SKUs





**MADE IN  
NATURE**

*Live a natural life*





## Summary of Overall Operation and Financial Status

Products of Beauty Buffet, distributed through retail shops, This resulted in overall income of the company that continually to 786.83 million baht in 2020 from 2,020.77 million Baht in 2019 or it's accounted for 61.06 decreasing growth.

Revenue from main sales of the company was derived from distributing products through retail shop. Retail shop had turnover in 2020 and 2019 for 407.37 million baht and 1,121.37 million Baht accounted for 51.77 and 55.49 of total income respectively. Its decreasing growth was 63.67 At the end of 2020, total amount of branches in Thailand was 113 branches decreasing for 198 branches from year 2019 that had only 311branches (311domestic branches). However, skincare products, makeup, food supplement and beauty accessories had average ratio of distribution for approximately 27.06%, 20.17%, 2.61% and 1.93 respectively.

Distribution through domestic and international wholesale channel in 2020 and 2019 had total income of 286.92 million Baht and 557.21 million Baht respectively Distribution through consumer products channel in 2020 and 2019 had total income of 44.65 million baht and 303.00 million baht accounted for the growth of 85.27 and distribution through E-commerce in 2020 and 2019 had total income of 34.92 million Baht and 25.61 million Baht accounted for the growth at 36.34

Cost of goods sold (COGS) in 2020 and 2019 was 353.28 million Baht and 794.14 million Baht respectively accounted for the gross profit at 54.08 and 60.44 respectively. Gross profit margin in 2020. is lower than 2019. The reasons for the decline of GP still has mainly to do with increasing of promotion to boost sales and Promotion Clearance Sales to compete with other competitors in the fierce competition in the cosmetics business. Inventory day at 217 days in 2020 and 168 in 2019. The company had net profit(Loss) in 2020 and 2019 for -104.88 million Baht and 232.58 million baht respectively accounted for net profit(Loss) of -13.33 and 11.51 respectively. The company's performance has decreased in the year 2020 Total Revenue were decreased by many channels. Sales both domestic and overseas have been significantly affected by the COVID-19 crisis, the ongoing slowdown of economy and market consumption as well as the decreasing in number of tourists.

## Financial Status Summary

As of 31 December 2020 and 2019, the company had total assets of 1,082.26and 1,315.92 million baht respectively. In 2020, current assets was 694.03 million Baht accounted for 64.13% of total assets such as cash and cash equivalent in amount of 175.94 million baht accounted for 16.26% of total assets and temporary investment of 250.00 million Baht accounted for 23.10% inventories at 209.02 million Baht accounted for 19.31% of total assets with inventory day 217 days. Account receivable and others were 58.64 million Baht accounted for 5.42%which was very low because almost products were distributed with cash and there were no trade and other receivables that made overdue payment more than 1 year. The company had non-current assets of 388.66 million baht accounted for 35.91%of total assets such as property, plant and equipment which contained net value of 165.82 million Baht accounted for 15.32% of total assets.

Total liability as of 31 December 2020 was 234.35 million Baht and the company relied on liquidity from cash and credit term from trade payables. Therefore, almost liability of the company was in format of current liability in amount of 161.46 million Baht. The majority was trade and other payables in amount of 88.01 million baht and the company had shareholder's equity as of 31 December 2020 in amount of 847.90 million baht accounted for debt to equity at 0.28 times. It's obvious that the company used fund source for operating business mostly from shareholder's equity leading to low financial risk with liquidity in business operation.



## The Board of Committees Report

The overall Thai economy in 2020 had a negative 6.1% Gross Domestic Product (GDP) growth – decreased by 2.4% from 2019 due to the Coronavirus outbreak in 2019 (COVID-19) both domestically and internationally. This resulted in the economic slowdown, which significantly affected the overall business operations of the country. As for beauty industry, it was also affected consumer behaviors - “New Normal -” to be safe from infection, minimal social activities (less traveling, offline shopping, and eating out). Thus, these social distancing activities encourage even more online shopping habits.

The cosmetic business in 2020 and the outlook for 2021 have been affected by the ongoing and unresolved situation of the Coronavirus 2019 (COVID-19) ; however, it is predicted that the cosmetic industry will get better gradually as people today pay more attention to health, beauty, skin, and overall appearance. In addition, manufacturers and distributors have adapted to keep the rapidly changing trends and consumers’ behavior and closely monitored the situation of the Coronavirus outbreak (COVID-19) to adjust the strategies promptly and accordingly. There are improvements on production technology, innovations to capture greater needs of consumers, and marketing strategies in various fields in order to prepare for the risk factors of the economy and the epidemic situation of the Coronavirus 2019 (COVID-19). Also, a wide and comprehensive distribution channels and product development must be worked on to reach a wide range of consumers under the New Normal era.

The company was also affected by the Coronavirus outbreak (COVID-19) situation as well, resulting in the 2020 total revenue of 876.8 million baht decreased by 61.1% compared to the previous year of 2020.8 million baht, net loss 104.9 million baht decreased by 145.1% compared to the previous year with a net profit of 232.6 million baht. The decline was largely due to the impact of the Coronavirus outbreak – affects both domestic and international sales significantly coupled, weakening of consumer purchasing power, economic slowdown, slow down on tourism, and lesser shopping in general. Nevertheless, the company foresees the long-term impact and has prepared a course of actions to reduce the future risks by adjusting strategies and business plans upon situational fluctuation. Furthermore, the management structure reduced production, sales, administrative expenses and downsized the organization to suit the changing business model and economic situation. Creating new business channels and increasing the efficiency of the existing distribution channels are also as important for sustainable growth.

Finally, on behalf of the Board of Directors, we would like to thank you our shareholders, customers, business partners and all employees who have worked really hard to support the company all along, and the management team would like to assure you that we will lead the company to its sustainable and solid growth in the future while maintaining transparency, adhering to the principles of Good Governance, realizing social responsibility and prioritizing the public best interest.

The Board of Committees  
Beauty Community Public Company Limited



## Message from the Chief Executive Officer

By 2020, the company was impacted by the Coronavirus outbreak. The epidemic started in China and spread to other countries around the world, resulting in an economic slowdown. The number of tourists has decreased; the consumers' purchasing power was weakened, and the company has to close nearly 300 retail stores nationwide in accordance with the announcement on the closure of department stores and country. All of the above significantly affects overall sale of the company. Performance in 2020, the company had total income of 876.8 million baht decreased by 61.6% compared to the previous year with total income of 2020.8 million baht, net loss of 104.9 million baht decreased by 145.1% compared to the previous year with a net profit of 232.6 million baht.

COVID-19 and the economic crises that BEAUTY is facing significantly impact the company's operating results – both income and profit, but the company's restructuring significantly reduce expenses. In term of income, continuous adjustment strategies and expansion of new distribution channels allow BEAUTY products to continue to gain popularity and reach more domestic consumers. As for the international market, the company still receive orders from distributors in China, Asia, and other countries – a good signal of expansion and growth after the crises unfolded.

The company is aware of various factors that affect the overall performance of the company by closely monitoring the situation of the Coronavirus outbreak (COVID-19) in order to adjust the management strategies in 2021 – setting a 5% revenue target (Conservative Growth) and maintaining a net profit margin more than 5%. Management structure was adjusted. Production, sales, and administrative costs were significantly reduced. The size of the organization is also reduced to suit the changing of business models and economic situations. Apart from cost reduction, the company focuses on expanding effective distribution channels and develop new business models and international markets. In addition, the company adjusted the new format of distribution channels both domestic and abroad. A new business model must also be developed to prepare for continuous market expansion. In 2021, the company's profitability, financial position, and cash flow will be strong capable of strengthening business development via 3 strategies 1. Re-Structure: adjust the management structure within the organization to increase the efficiency of the entire business while reducing the production, sales, and administrative expenses to stay and survive in the long-term business competitiveness. 2. Re-New: adjust domestic market strategy by focusing on expanding distribution channels that entail high potential to reach additional customer groups as follows; Consumer Product channels, Fast Moving Consumer Goods (FMCG), targeting large cosmetic wholesalers in major provinces (Local Distributor), retail channels (Retails) - close underperforming and high costs branches, additional online channels, and other effective distribution channels. The company is proactive expanding international market and modifying overseas distribution channels from Shop Model into Distributor Channel in order to increase competency in both offline and online market, penetrating especially into China market. 3. Re-Model: develop new business models which are in the process of revamping and developing new sales models to synchronize sales channels and product between online and offline channels.

The year 2021 has been a very challenging year for the company. I and the management team are determined and confident that our team will lead the company through the crisis and achieve the goals. Thank you, shareholders, customers, business partners, and all employees who have supported the company all this way.

Lastly, I, as a representative of the company's management and staff, are sincerely concerned about everyone's well-being. Therefore, to stay safe as an individual from the Coronavirus 2019 (COVID-19) and maintain societal peacefulness, we would like to urge the behavioral changes to resonate with a new lifestyle (New Normal) while maintaining social distancing. We hope the best for everyone to get through the crisis safe and sound.

Dr.Suwin Kraibhubes  
The Chief Executive Officer  
Beauty Community Public Company Limited



## Board of Directors

23



Director



Director



Acting Chairman of the Board,  
Independent Director  
and Chairman of Audit Committee



Independent Director  
and Audit Committee



Director



Director



Independent Director  
and Audit Committee

1. Assoc. Prof. Dr. Vichit U-on

Acting Chairman of the Board, Independent  
Director and Chairman of Audit Committee

2. Col. Attapon Srisangwarn

Independent Director and Audit Committee

3. Mr. Viboon Pojanalai

Independent Director and Audit Committee

4. Dr. Suwin Kraibhubes

Director

5. Mrs. Tanyapon Kraibhubes

Director

6. Dr. Peerapong Kitiveshpokawat

Director

7. Ms. Monsoothatip Malaukaranun

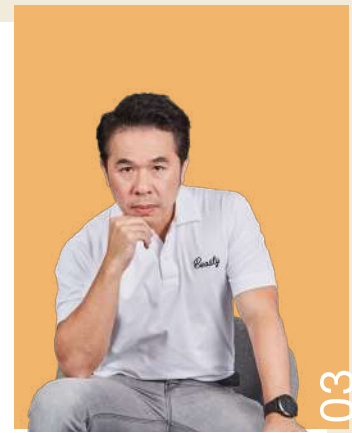
Director





## Audit Committee

- |                                |                                                      |
|--------------------------------|------------------------------------------------------|
| 1. Assoc. Prof. Dr.Vichit U-on | Independent Director and Chairman of Audit Committee |
| 2. Col. Attapon Srisangwarn    | Independent Director and Member of Audit Committee   |
| 3. Mr. Viboon Pojanalai        | Independent Director and Member of Audit Committee   |



## Nomination and Remuneration Committee

- |                              |                                                   |
|------------------------------|---------------------------------------------------|
| 1. Assoc.Prof.Dr.Vichit U-on | Chairman of Nomination and Remuneration Committee |
| 2. Dr. Suwin Kraibhubes      | Member of Nomination and Remuneration Committee   |
| 3. Mr. Viboon Pojanalai      | Member of Nomination and Remuneration Committee   |





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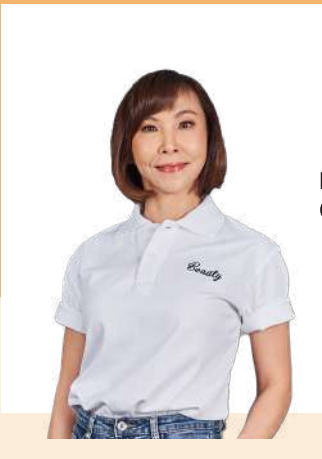
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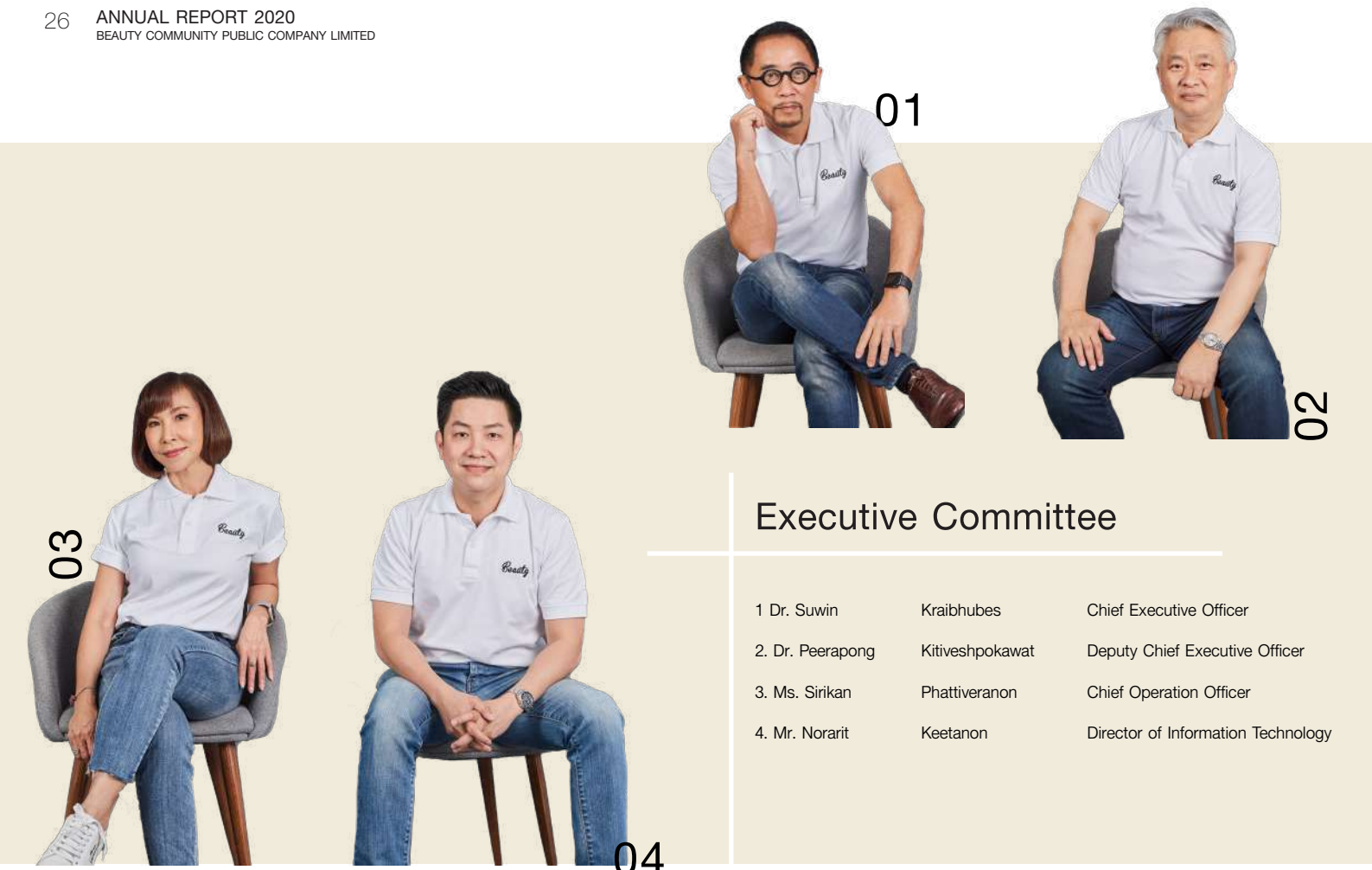
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## Risk Management Committee

### RISK

1. Col. Attapon Srisangwarn  
Chairman of Risk Management Committee
2. Mr. Viboon Pojanalai  
Risk Management Committee
3. Dr. Suwin Kraibhubes  
Risk Management Committee
4. Dr. Peerapong Kitiveshpokawat  
Risk Management Committee
5. Ms. Sirikan Phattiveranon  
Risk Management Committee
6. Mr. Norarit Keetanon  
Risk Management Committee
7. Mr. Thitiphat Wongsriphuaak  
Risk Management Committee





## Executive Committee

1 Dr. Suwin	Kraibhues	Chief Executive Officer
2. Dr. Peerapong	Kitiveshpokawat	Deputy Chief Executive Officer
3. Ms. Sirikan	Phattiveranon	Chief Operation Officer
4. Mr. Norarit	Keetanon	Director of Information Technology

## Assoc.Prof.Dr. Vichit U-On

**Position** Acting Chairman of the Board, Independent Director and Chairman of Audit Committee.

**Age (year)** 53 years old

### Educational Qualifications

- Bachelor of Science (Agribusiness), Kasetsart Univesity
- Master of Arts Program in Agribusiness, Kasetsart Univesity
- Doctor of DBA.(Marketing), The University of Sarasota, USA
- Doctor of D.I.B.A Nova Southeastern University, Florida, USA
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors

### ASSOC. PROF. DR. VICHIT U-ON

#### Work Experiences

2020 – Present	Acting Chairman of the Board
2017 – Present	Chairman of Audit Committee and Independent Director of Beauty Community PCL
2013 – Present	Dean of Graduate College of Management, Sripatum University
2007 – 2012	Former Director of Center Research Consumer Behavior, Sripatum University
2012 – 2013	Marketing Consultant of Chokdee International Franchise Co., Ltd.
2010 – 2011	Marketing Consultant of Bathroom Design Co., Ltd.
2010 – 2011	Marketing Consultant of A.S. ASSOCIATED ENGINEERING (1964) CO., LTD.
2010 – 2011	Marketing Consultant of Princessbra Co., Ltd.
2009 – 2010	Marketing Consultant of Triads Networks Co., Ltd.
2009 – 2010	Marketing Consultant of B. J. BROTHERS & SON Co., Ltd.
2009 – 2010	Marketing Consultant of T.G.B International Trading Co., Ltd.

**% of Shareholding** - None-





SUWIN



## Suwin Kraibhubes

**Position** Director / Chief Executive Officer

**Age (year)** 52 years old

**Educational Qualifications**

- Bachelor of Science, Faculty of Medicine, Chiang Mai University
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors
- Executives Capital Market Academy Program (CMA.18)
- Global Business Leaders Program (GBL) from LEAD Business and Cornell University
- Chief Transformation Officer (CTO) from The Stock Exchange of Thailand (SET)

Dr. SUWIN KRAIBHUBES

**Work Experiences**

- |                |                                                                                                                                               |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| 2018 – Present | CEO / Director, Beauty Community PCL                                                                                                          |
| 2017 – 2018    | CEO / Director / Deputy Director of Product Development & Purchasing Division, Beauty Community PCL                                           |
| 2000 – 2016    | CEO / Director / Deputy Director of Marketing Division and Deputy Director of Product Development & Purchasing Division, Beauty Community PCL |

**% of Shareholding** 9.50 %

## Tanyapon Kraibhubes

**Position** Director

**Age (year)** 51 years old

**Educational Qualifications**

- Certificate in Nursing, Baromrajonani College of Nursing, Pha Yao
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors
- Academy of Business Creativity (ABC), Institutional development of creative business, Sripatum University

Mrs. TANYAPON KRAIBHUBES

**Work Experiences**

- |                |                                                                     |
|----------------|---------------------------------------------------------------------|
| 2000 - Present | Director of Beauty Community PCL                                    |
| 2000 - 2014    | Deputy Chief Executive Officer and Director of Beauty Community PCL |

**% of Shareholding** 11.70 %

TANYAPON





# Monsoothatip Malaukaranun

**Position** Director  
**Age (year)** 43 years old

## Educational Qualifications

- Bachelor of Science, Associated Medical Sciences, Chiang Mai University
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors
- The Madanes Enneagram Coaching Methodology, NLP Life Mastery
- Certificate of practitioner at Fundamental Level, iSTRONG Mental Health
- Professional certified life coach, Thailand coaching academy
- Master certified life coach, Thailand coaching academy

Ms. MONSOOTHATIP MALAUKARANUN

## Work Experiences

2012 – Present	Director Beauty Community PCL
2012 – 2013	Executive Director and Director of Business Development and Corporate Communications Division, Beauty Community PCL
2010 – 2011	Assistant Manager of Products Division, Beauty Community PCL
2009 – 2010	Assistant Manager of Sales Division, Beauty Community PCL
2005 – 2009	Sales Department Manager, Beauty Community PCL

**% of Shareholding** 0.33 %



MOONSOO  
THATIP

# Dr. Peerapong Kitiveshpokawat

**Position** Director/Deputy CEO  
**Age (year)** 58 years old

## Educational Qualifications

- Bachelor, Chiangmai University
- Master of Business Administration Program in Marketing, Thammasat University And Gothenberg University, Sweden
- Master of Business Administration Program in Retail Business, University of Sterling United Kingdom
- Doctor of Management, Sripatum University
- Mini MBA in Franchise Nova Southeastern University, USA.
- CFE (Certified Franchise Executive) International Franchise Association (IFA)
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors

## Work Experiences

2018 – Present	Deputy chief executive officer/ Director
2011 – 2017	Chairman of Audit Committee and Independent Director of Beauty Community PCL
2007 – 2017	Director of Business Coach & Consulting Co., Ltd.
1995 – 2017	Director of B.T.C. Parts Center Co., Ltd.

**% of Shareholding** 0.035%

PEERAPONG

Dr. PEERAPONG KITIVESHPOKAWAT





## Col. Attapon Srisangwarn

**Position** Independent Director and Audit Committee

**Age (year)** 53 years old

**Educational Qualifications**

- Bachelor of Laws , Ramkhamhaeng University
- Student of Royal Thai Army War College, 58th class - Lawyer Government of Office of the Council of State.
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors

**Col. ATTAPON SRISANGWARN**

**Work Experiences**

- |                |                                                                                               |
|----------------|-----------------------------------------------------------------------------------------------|
| 2017 – Present | Special Operations of staff officer, the Provost Marshal General                              |
| 2017 – 2018    | Head of legal department, Army United F.C.                                                    |
| 2016 – 2019    | Assistant Attached to the Member of the National Legislative Assembly                         |
| 2015 – 2017    | Executive Committee of the ruling army.                                                       |
| 2011 – Present | Audit Committee and Independent Director of Beauty Community PCL                              |
| 2011 – 2012    | Chief of Staff Officer to the Royal Thai Army Commander Division, the Provost Marshal General |
| 2006 – 2011    | Chief of Investigation Department, the Provost Marshal General                                |

**% of Shareholding** - None -

## Viboon Pojanalai

**Position** Independent Director and Audit Committee

**Age (year)** 44 years old

**Educational Qualifications**

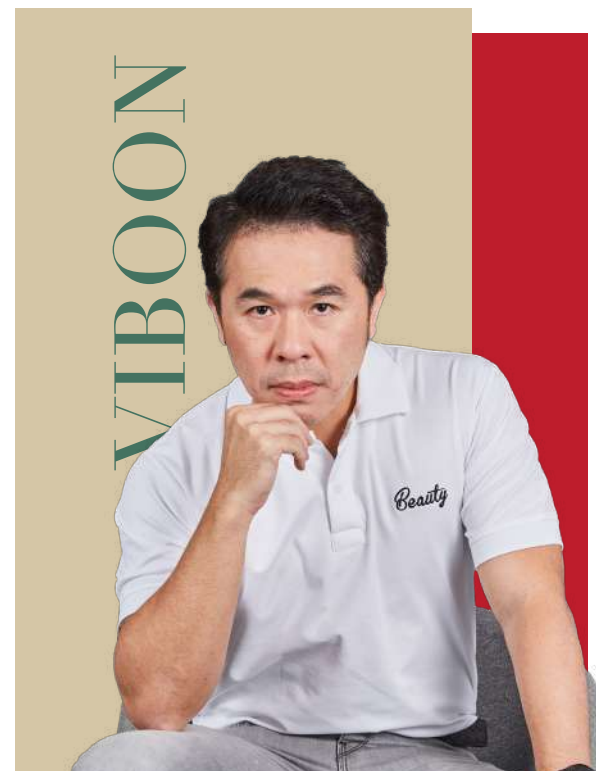
- Bachelor of Accounting, Thammasart University
- Master of Science in Risk Management and Financial Derivatives, Georgia State University
- Certificate Public Accountant (CPA)
- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors

**MR. VIBOON POJANALAI**

**Work Experiences**

- |                |                                                                     |
|----------------|---------------------------------------------------------------------|
| 2018 – Present | Audit Committee and Independent Director of Halcyon Technology PCL. |
| 2016 – Present | Director of Thai Enger Holding PCL.                                 |
| 2015 – Present | Audit Committee and Independent Director of Dental Corporation PCL. |
| 2011 – Present | Audit Committee and Independent Director of Beauty Community PCL.   |
| 2008 – Present | Director of Asia Mineral Processing Co., Ltd.                       |

**% of Shareholding** - None -





## Sirikan Phattiveranon

**Position** Executive Director / Chief Operating Officer

**Age (year)** 54 years old

**Educational Qualifications**

- Bachelor of Business Administration (Second Class Honours), Faculty of Commerce and Accountancy, Chulalongkorn University
- DIGITAL MARKETING CERTIFICATE PROGRAM – DMP, Thammasat University
- Strategies and Innovation Creation, Thammasat University

Ms. SIRIKAN PHATTIVERANON

**Work Experiences**

2018 – Present	Executive Director / Chief Operating Officer, Beauty Community PCL
2017 – 2018	Executive Director / Director of Operations Department / Deputy Director of Marketing Division, Beauty Community PCL
2012 – 2016	Executive Director / Director of Operations Department, Beauty Community PCL
2010 – 2011	Sales Division Manager, Areeya Property PCL
2009 – 2010	Operation Division Manager, K D N Co., Ltd. (Krispy Kreme Thailand)
2004 – 2009	Franchise Operation Division Manager, Swensen's (Thai) Co., Ltd.

**% of Shareholding** 0.003 %



## Norarit Keetanon

**Position** Executive Director/ Director of Information Technology

**Age (year)** 49 years old

**Educational Qualifications**

- Bachelor of Engineering (B.E.), ASSUMPTION UNIVERSITY Major: Electronics
- Master of MBA, OKLAHOMA CITY UNIVERSITY Major: Management Information System
- Professional Certification Program NORTHWESTERN UNIVERSITY Major: E-Commerce

**Work Experiences**

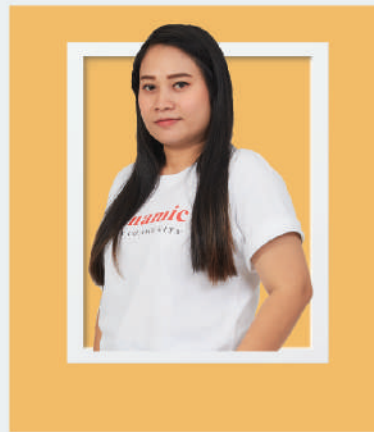
2017 – Present	Executive Director/ Director of Information Technology, Beauty Community PCL
2011 – 2016	Executive Director, Manager of Information Technology and Executive Director of Business Continuity Plan, Reed Tradex Co.,Ltd
2002 – 2016	Manager of Information Technology, U City CPL

**% of Shareholding** 0.002%

Mr. NORARIT KEETANON







# Beauty Team



คณะผู้บริหารบริษัท  
บิวตี้ คอมมูนิตี้ จำกัด (มหาชน)



# Vision

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

Corporate's Philosophy  
"Creative Dynamic Sustainable"

Vision  
"International Beauty & Health Business"



# Mission

## Mission)

1. Creating the modern high quality beauty products for support the demands of modern life style.
2. Presenting the products to the targeted customers by expanding distribution channels to be more famous and thoroughly the overall regions and country.
3. Developing competitive abilities of the organization to support the great change for the steadily growing.
4. Operating the business under the good governance considering the benefits and the effects that will affect to the shareholders, staffs and the society.

## BUSINESS STRATEGY

### *MULTI BRAND*

To meet various and different need of all target markets.

### *MULTI PRODUCT*

To cover all customers' needs with a wide price range to fit different lifestyles.

### *MULTI CHANNELS*

To reach broadcast of customer through multiple distribution channels.

## Business Policy

- High Quality Product
- Premium Design
- Targeting a Larger Group of Customer
- Affordable price

## Company's Philosophy



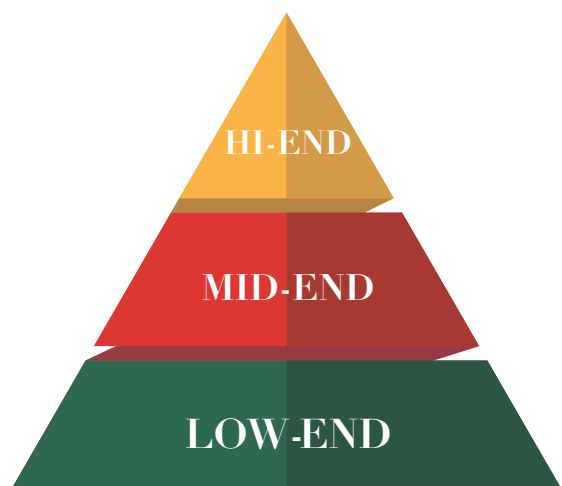
CREATIVE



DYNAMIC



SUSTAINABLE





## General Information of the Company

Company Name:	BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
Initial Name:	The Company has been listed for trading in Stock Exchange of Thailand ( SET) under the name of “BEAUTY” in the Commerce group
Type of Business:	Cosmetics and Skin Care Products
Management Policy:	MULTI BRANDS, MULTI PRODUCTS, MULTI CHANNELS
Headquarter Address:	10/915 Nuan Chan 34 Alley, Nuan Chan Sub-district, Buengkum District, Bangkok Metropolis 10230 Telephone: 02 946 0700 – 6 Facsimile: 02 946 1571
Registration No.:	0107555000244
Home Page	Web Page for General information of the Company, including with the information related to Investor Relations (IR). <a href="http://www.beautycommunity.co.th">www.beautycommunity.co.th</a> , Email : <a href="mailto:contact@beautycommunity.co.th">contact@beautycommunity.co.th</a> Web Page for Beauty Buffet <a href="http://www.beautybuffetshop.co.th">www.beautybuffetshop.co.th</a> <a href="https://www.facebook.com/beautybuffetfanpage">www.facebook.com/beautybuffetfanpage</a> Web Page for Made in Nature <a href="http://www.made-in-nature.com">www.made-in-nature.com</a> <a href="https://www.facebook.com/madeinnaturefanpage">www.facebook.com/madeinnaturefanpage</a>
References:	The Certified Public Accountant Auditor from DIA International Auditing Company Limited Telephone: 02 2595300 – 2, 02 3325126 - 9 Thailand Securities Depository Company Limited (TSD) SET Center: 02 009 9999





# Risk Factors

## 1. Business Risks

### ● *Risks from Relying on Beauty Buffet*

In the past, the main revenue of the company derived from product distribution under the concept of Beauty Buffet. In 2020 and 2019, the sales revenue of Beauty Buffet were 367.20 and 859.99 million baht - accounts for 46.67 percent and 42.56 percent of total revenues respectively. Almost all are from retail sales to consumers nationwide. Under the Beauty Buffet trademark, cosmetic and skin care products sensitively fluctuate upon whether positive or negative news and information. Therefore, if any event occurs that negatively affects the image of the Beauty Buffet - such as consumers develop allergic reactions to cosmetics or skin care products - may disturb sales and performance of the company significantly.

Beauty Buffet is the concept of developing a shop selling unique cosmetic products (Shop brand) by categorizing the products into various brands. Each brand has its own position and clear marketing based on target customers. The company can develop new brands to replace in a timely manner of fast-paced fashion products. Products under "Made in Nature" brand in the skin care group focuses the use of natural ingredients and applicable to all genders and ages. The packaging is beautifully and modernly designed to gain attention and accessibility to consumers. The distribution is via convenience stores, modern trade and multiple online channels.

In 2020, the company closed 201 branches of Beauty Buffet retail stores out of the total branches at the beginning of 2019 at 311 branches, left with 113 branches remaining at the end of 2020, where the closed branches are non-profit-generating branches. As a result, Beauty Buffet's income proportion dropped to approximately 25 percent in 2021; however, the sales efficacy of the remaining branches have increased. Our salespeople can sell products through their own online channels, cooperating with business partners such as Grab Mart, Food Panda - order and deliver products to customers (Delivery), and developing a call center system. The company has rigorously improved e-commerce distribution channels on Social Media: Facebook, Line@ (Beauty Buffet, Made in Nature, Beauty Idol), website: beautybuffet.co.th, and 3rd party online websites: Lazada, Shopee, Konvy, Shop@24 and many others. There is also an increase in international sales channels, such as CLMV, AEC and the Asian region including China, Hong Kong, Taiwan, Vietnam, Philippines, Myanmar, Indonesia, Malaysia, Singapore, India, and Laos.

Therefore, the company is confident that the reliance of revenue from product sold under the Beauty Buffet retail concept will decrease respectively when products distributed under other distribution channels of the company is growing more along with further development of new products in the future according to the strategy and target marketing.

In addition, the company truly believes that any negative threat toward the corporate image is unlikely to occur, and such threat has never been the case in the past because the company has always prioritized the quality of the product above all. Also, there is a test-run on every lot of the order along with a satisfaction guarantee policy for customers to ensure the quality and safety. If customers are not satisfied with their purchase, they can return the product(s) within 14 days (Customer Satisfaction Guarantee project has started since 2008). Since the beginning of the project, there has been very little or about 0.01 percent of total sales of the customers returning the products. Moreover, the company consistently communicates with consumers via online channels and various forms of advertisement. If there is any negative incident that affects the image of the company, the management team expects that this will only produce a short-term

impact as the company can communicate and clarify any misinformation to consumers promptly through various channels.

### ● *Risk from Product Imitation*

The company does not have a policy to manufacture our own products; instead, our products are from various specialized manufacturers in each type of products. The manufacturers supply raw materials and control both production and formula in detail. Additionally, some manufacturers are responsible for manufacturing ingredients and packaging - from upstream to downstream, which raises the risk of counterfeiting products and may interrupt the operations of the company.

The company is well aware of such risk. Therefore, the company has drafted contracts with all manufacturers who hold the company's product formula. The essence is that the manufacturer will not disclose or publish the production formula or ingredients of the product and production process to others and will not produce the contracted products for their private sale. The aforementioned conditions are in effect while the manufacturers are working for the company, and the conditions continue for 1-3 years after the company has canceled the order.

The company's products are diverse - more than 1000 products currently. The new products are also launched regularly. Among these, there are more than 30 manufacturers producing different products; thus, each manufacturer will not fully obtain the production formula or imitate the products completely. More importantly, the company has registered trademarks covering both domestic and international to prevent the risk of counterfeiting. In addition, the company has confidence in creating a product concept and creating service quality resemble to the quality of cosmetics to attract high-end customers and build customer loyalty, which is not imitable.

### ● *Risk from Relying on Manufacturers*

In developing new products, the roles of the company are to determine the main raw materials (active ingredient) and the characteristics of the product preliminarily, and determine the details, and develop the formula including some production steps. The manufacturers are responsible for supplying all raw materials. If the manufacturer(s) stops the production for the company, the company is unable to entirely replicate the same product. Also, If the product is popular and generate high revenue, this will affect operating results of the company as a whole.

The event that the manufacturer cancels production for the company has never happened in the past. However, the company has a contingency plan to manage such risks by distributing the production order to various manufacturers in order to avoid heavily dependent on any single manufacturer. The proportion of orders from the largest manufacturers for 2020 and 2019 was 15.02 percent and 15.88 percent of total orders respectively. If a particular product gain popularity, the company will hire 2 manufacturers simultaneously. In term of product development, the company is aware of the preliminary formula and raw materials. If manufacturer cancels the production, the company can improve the formula and release a new product that is equivalent or better than the original product to meet the ever-increasing demand of the consumers.

In addition, the company is currently ordering high volumes due to higher sales volume, gaining the Economy of Scales - enables the company the ability to negotiate with manufacturer and control product costs well.



## ● *Inventory Impairment Risk*

Cosmetics and skincare products are fashion items that are constantly changing the popularity both in products and packaging, but in the course of business operations, the company needs to order adequately large quantities of production as well as maintaining a sufficient amount of inventory for distribution to branches nationwide. During the year 2020 and 2019, the company stored an average of 22 percent and 27 percent of its total assets respectively and had an average finished product sales period of 173 and 168 days respectively (calculated from finished products) (As for the sales period for all inventories, including packaging, the average range is 287 and 215 days). Therefore, the company is exposed to the risk of depreciation of inventory from the possibly changing in consumer preferences to the point that the inventory is fully devalued.

The company expects that the impact of this risk is minimal because the company has continuously surveyed the market and consumer behavior coupled with an information technology system that store transactional information. The sale statistics – such as the speed of each product sold, product life cycle, etc. – can be analyzed, which results in proper planning and order production in accordance with the market demand. The company has a relatively long time to sell products because, first, it is necessary to reserve enough products to distribute to multiple branches and, second, reservation for possible emergencies, such as flooding, fire, etc. Reservation for the launch of new products and to solve “shortage” problems. However, the company has policy to check the remaining shelf life of products regularly including inventory management that suits the age range. For example, if the product has about 15 months left, it will be under supervision by the marketing department and the sales operation department will communicate to the store staff set the product priority. In the event that the product has a remaining shelf life between 4-8 months, sales promotions will be set in place to accelerate the sales.

## ● *Risk from Participating in a Highly Competitive Industry*

The cosmetic and skincare retail business is highly competitive because the industry does not require significant initial investment and it comprises of a simple business structure at the beginning. As a result, new entrepreneurs can easily enter the competition. Both entrepreneurs in Thailand and multinational companies open branches or franchises in Thailand especially cosmetics from Asian countries, such as Korea and Japan with target customers similar to Beauty Community; thus, we are confronting a highly competitive situation and may affect the operating results. The company is also dealing with the risks from small retail operators selling counterfeit products and illegally imported goods.

However, even if new competitors can easily get into the business, but making a brand memorable, increasing sales and retaining customers over the long period are not always easy because these require greater working capital for public relations and expanding more branches. Most of the new competitors lack negotiating power to rent a space; thus, new comers cannot compete with the existing competitors. In addition, the company regularly conducts market surveys on both competitors and customer needs in order to adapt the business to the changing consumer behaviors. The company foresees that the sales risk will be reduced from the entry of new competitors is at a low level. More importantly, the company does not only focus on selling products but also pay more attention on presenting product idea, benefits, product instructions, effectively adjusting both size and price of the product, and improving packaging attractiveness to better meet the needs of consumers. More modern style of shop decoration, good service, strengthening of brand popularity while resonating with target customers, retaining the

current customers’ base to ultimately gain trust and loyalty to the brand (Brand Loyalty) are all goals the company aiming to achieve. Fortunately, people who sell imitated or illegal imported goods could not replicate these notions Lastly, a group of customers who support such products is a different group from ours; hence, their purchases do not affect the sales of the company

In addition, some of the company’s products are produced from manufacturers in Korea – Beauty Buffet products, GINO McCray, and Heritage series – whereas some other products are produced from Japanese manufacturer(s) in Thailand. The company is truly confident in the quality of the products is not only comparable but also compete-able with imported products from Korea and Japan (leading countries in the current cosmetic market)

In addition, the company has diversified the current distribution channels to distribute products to reach consumer needs via E-commerce channels, Modern Trade channel, and international channels to reduce the risk of dependence on the retail store business.

## ● *Risk from the Termination of Operating Lease*

The company has opened a number of retail stores to sell cosmetics under the concept of Beauty Buffet and Beauty Cottage. As of December 2020, there are 113 branches nationwide. Almost all branches are operating within 1- 3 year short-term operating lease (except MBK 1 branch which is a long-term lease), so if the landlord terminates the lease, it may result in the company unable to distribute the product and negative affect on the company’s performance.

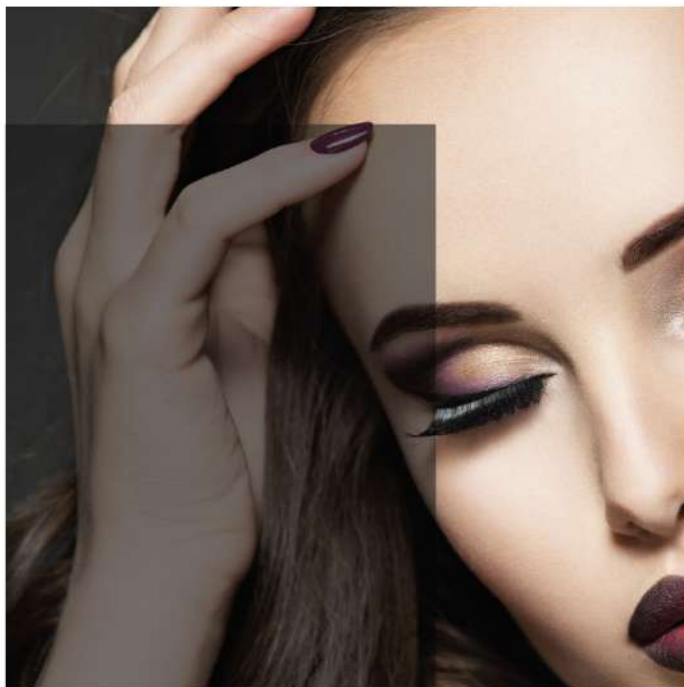
However, most of the rental areas are located in department stores and large supermarkets such as Tesco Lotus, Big C, Central Plaza, The Mall, Robinson, etc. The company is classified as a key customer (Key Account) of the owners of the areas. In the past, the landlords have consistently renewed the lease when the company requested as well as offering new available areas to the company before retail customers and opening own stores. Therefore, the company is that this risk is trivial.

## ● *Risk of Relying on Computer Systems in doing business*

The company relies on a computer system to manage the Point of Sales in all retail store, connect to the warehouse management system, a database of inventories, customer information of the company, and so on. If the computer system malfunctions, it may have an impact on the business.

The Point of Sales management system (POS) of each store processes independently of each other and connect to warehouse database of the company. If there is a system failure at the end of the day at a particular store, other stores will not be affected. In addition, the company prepares appropriate measures to support in the event of unexpected problems by training employees to be able to sell products and issue billing without the computer system. In the past, there were cases where the POS system failed – outages in the storefront – the company, however, was able to fix it swiftly, and it did not affect the sales in any way. The head office uses the warehouse management system through the Microsoft Dynamic AX system by designated a backup of data regularly along with a backup server to enable data recovery in the event where the main system is malfunctioning. In the present, the company has developed the new system called the Warehouse Management System (WMS), which efficiently enables the warehouse management.





# R I S K



## ● Risk of Foreign Exchange

Currently, foreign exchange rates fluctuate especially Thai baht that appreciate and weaken back and forth, and the company has more sales and orders from abroad. However, the company has established a foreign exchange risk management policy by considering (Forward Contract), as appropriate, on a case-by-case basis. In term of production (Import), the company orders some products from foreign manufacturers such as Korea, China, Taiwan, Indonesia and Austria, etc. and pay for the products mostly in U.S. dollar. The appreciation of Thai baht resulted positively in lowering production costs and preventing foreign-exchange risk in the future via signing a Forward Contract.

In term of product sales (Export), the company sells its products in Thai baht, which is at a higher proportion than the U.S. dollar. The appreciation of Thai baht, therefore, does not create exchange-rate risk since the company has already made a Forward Contract in order to protect the risk from future foreign exchange in the future.

## ● Risk from Corona Virus Disease 2019 (COVID-19)

In early 2020, the outbreak of Coronavirus 2019 (COVID-19) had widespread impact both domestically and internationally around the world. Emergency Decree announced Lockdown. Entering and leaving the country are prohibited. Department stores various entertainment venues were closed. Political violence occurred in mid-2020. The events mentioned above affect the purchasing power and consumer behavior – switching to shopping on the online platforms. The events also generate a huge impact on tourism. All in all, none of above incidents is within the company's control, which, in turn, dramatically plummeted the earnings at least 50%

Although the situation of Coronavirus 2019 (COVID-19) cannot be estimated when the situation will end, the company, however, has closely monitored and assessed the situation in order to adjust suitable management strategies. Currently, the company is implementing these strategies:

1. Re-Structure: adjust the management structure to increase business efficiency within the organization while reducing production costs including sales and administrative expenses – the closure of non-performing retail stores to strengthen and enhance long-term business competitiveness.
2. Re-New: adjust marketing and sales strategies, focus on expanding distribution channels with high potential, and reach more customers via, not limited only to branch stores, Consumer Product, E-commerce channels, and international market channels also.
3. Re-Model: develop and improve new sales models by linking online and offline sales channels. Through this strategy, the company believes that it will strengthen and increase capabilities in the long-term business competition.

In 2017, the company realized the importance of risk management under changes from internal and external factors that could affect the business. Therefore, a Risk Management Committee has been established to formulate policies to manage total risks for the entire organization including supervision over the systems and processes of managing the risks on the business appropriately.

The Risk Management Committee has supported the company's operation under the relevant principles of good business management to provide effective and efficient risk management to achieve business goals, maintain consistency with the vision and direction of the company under the volatile industrial, economic, and political situations, and build confidence to shareholders and stakeholders that the company has covered all dimensions of risks.



## Nature of Business

Beauty Community Public Company Limited (“Company” or “BEAUTY”), or formerly Monopolitant Co., Ltd. established on 19th October 2000 with its paid-up registered capital of 1,000,000 Baht, by the founders Dr.Suwin Kraibhubes and Mrs.Tanyapon Kraibhubes, is formed with purpose of performing retail selling and distributing cosmetics and skincare products. The aim is to propose selective and diverse beauty products with quality materials and good image and provide more beauty choices for consumers.

## Important changes and developments

1998 – 1999	We open the first imported cosmetics and skincare retail store under the name “NEO” in Siam Square Center and then expanded another retail store named “MONA” in MBK center
19 October 2000	We formed Monopolitant Co., Ltd. (Company’s former name) with registered capital of 1,000,000 baht to perform a retail selling of cosmetics and skincare products of Thailand and other countries under the name “MONA” in 7 branches located in several commercial centers
2004	We renovated the shop and changed the store name to “COSMEDA” with different strategy; importing goods according to customers’ demand, manufacturing products in Thailand and some products in Korea.
3 March 2005	We increased the registered capital to 5,000,000 Baht divided into 50,000 shares, the value per share was 100 baht, the capital was used for investment and cash flows. From the year 2004 to 2006, 20 branches (approx..) of “COSMEDA” have been open.
2006 – 2007	In December 2006, we developed the design of the store and changed its name to “BEAUTY BUFFET”. Under the concept of “Beauty Buffet”, we focused on making an easy access for customers, and invited the customer to test the product, sold the comprehensive range of products with reasonable price, just like when the customer enters into buffet restaurant. With the slogan “The most delicious beauty shop in town”. The first branch was open in Central department stores, Wongsawang branch.
2011	We open new style of retail stores under the name “Beauty Cottage” providing natural and organic products with the shop decoration in vintage style. The first branch was open in Central Plaza (Ladprao) under its slogan “Natural Crafted Beauty” which means the beauty created by the nature.
23 December 2011	The company increased the register capital to 55,000,000 baht divided into 550,000 shares, the value per share was 100 baht, to buy a land for building company headquarter and increased the resources of cash flow for business operation.
2012	In January 2012, the company made the distributorship contract of Beauty Buffet with a distributor who had the right to sell products of beauty buffet in Cambodia in accordance with company standard. The first beauty buffet was open in Cambodia in February 2012.  In April 2012, the company launched new product “MADE IN NATURE” -- an organic skincare product brand under the slogan “Live a Natural Life” sold in large retail stores or modern trade.
31 July 2012	The company changed its juristic type to be public limited company and changed the name to be Beauty community Public Company Limited, lowered the value per the share from 100 baht to 1 baht and increased the registered capital to 300,000,000 baht. With regular shares, the company was listed in stock exchange of Thailand.
12 December 2012	First day trade in SET
July 2013	The company opened Beauty Market in Large Multi-brands with the mixed concept of buying many products in supermarket in convenient store and the excitement of buying cosmetics products. We are beauty specialty store aiming to provide beauty product exclusively under the slogan “The Super Market of Beauty”. The first branch was open in Seacon square Srinakarin branch.



November 2013	We launched the new products under the brand named Girly Girl which was the “fighting brand” in the market of skincare and cosmetics products for teenagers. With the concept “White & Baby”, the packaging design was more modern and the size of product was smaller, also the price was lower. The products were placed in convenient stores, catalogues and available in traditional trade.
May 2014	Groundbreaking ceremony of warehouse and training center at Soi Nuanchan 34 on the land size 3-0-15 rai to support the growth of the business in the future.
14 May 2015	The company changed the share value (stock split) from 1 baht to 0.10 baht per share. The total number of shares was 3,000,000,000.
Quarter 3/2558	We launched the website beautyplazaonline.com with our sophisticated development and intention to broaden the experience in cosmetics product shopping.
March 2016	The company has access to the company’s new offices, warehouses and training centers. (Beauty 2)
May 2017	Won the award of the Best Brand Performance 2017 on Instagram, and the second runner-up award of the Best Brand Performance 2017 in the cosmetic business group in Thailand Zocial Awards 2017.
November 2017	SET Awards 2017 Won the Outstanding CEO Award and the Outstanding Company Performance Award in “SET Awards 2017” arranged by the Stock Exchange of Thailand with Money & Banking Magazine.
October 2018	Won the award of “Asia’s 200 Best Under a Billion” or Top Asian Companies that earn less than 1,000 billion dollars organized by Forbes Asia Magazine, and was recruited for the second consecutive year.
August 2019	Beauty Buffet opened the first “flagship store” and the new business model “ Multi-Brand cosmetics shop” at MBK department store. beautybuffet.co.th was also launched to introduce a new top-brands shopping experience
November 2020	Launched the first Beauty Factory Outlet at the head office of Beauty Community PCL.

L I F E S T Y L E  
B E A U T Y





## Beauty's news and activities in 2020

1. **To present Business Plan Information 2020** to analysts and marketing staff on February 25, 2020 at Phillip Securities (Thailand) Public Company Limited, with Mr. Surapon Petklung (CFO), and Ms. Sirikan Phattiveranon (COO).



2. Press conference on **“Business Direction and Strategic Operations for 2020”** by Dr. Suwin Kraibhubes (CEO), Dr. Peerapong Kitiveshpokawat (DCEO), Mr. Surapon Petklung (CFO), and Ms. Sirikan Phattiveranon (COO), at Grande Center Point Terminal 21 Hotel on February 4, 2020.





3. Launched of presenter **"Mario Maurer"** with Scentio Milk Plus Whitening Facial Foam under the brand Beauty Buffet.



4. Launched Presenter **"Nana Ribena"** with Gino McCray The Professional Make Up Powder Foundation SPF 15 PA ++ under the brand Beauty Buffet.



5. Launched Presenter **"DJ Dada"** with Miracle Perfect Ultimate Rejuvenate Complexion Skin Treatment under the brand Beauty Buffet.





6. The company developed a new sales model, **“Product License”**, in collaboration with distributors in China to develop new high-margin products, for the convenience and speed of managing the Chinese market and foresees that this is a large market with high business opportunities. Already sold 5 items that are Product License.



SCENTIO AVOCADO  
BRIGHTENING SHERBET  
SCRUB



SCENTIO RASPBERRY PORE  
MINIMIZING SHERBET SCRUB



SCENTIO APRICOT  
ANTI-AGING SHERBET  
SCRUB



SCENTIO CAFFEINE MASK



SCENTIO MILK OATMEAL ANTI-MITE SOAP

7. **Annual General Meeting of Shareholders 2020** by Assoc. Prof. Dr. Vichit U-on Acting Chairman of the Board of Directors, Dr. Suwin Kraibhubes (CEO), Dr. Peerapong Kitiveshpokawat (DCEO) and Mrs. Tanyapon Kraibhubes (Director), along with the Board of Directors and Executives of Beauty Community PCL., at Crystal Ballroom 1,2 Building E, 2nd Floor, Crystal Design Center (CDC), Bangkok, August 27, 2020.





8. The company's products have received the C CHANNEL BEAUTY AWARDS 2020 from C CHANNEL Thailand.



BEAUTY COTTAGE LUXURY  
PERFECTING POWDER  
FOUNDATION



GINO MCCRAY  
THE PROFESSIONAL  
MAKE UP COLOR LIPSTICK



BEAUTY COTTAGE SECRET  
GARDEN COLOR LIP OIL

9. Grand Opening : Beauty Factory Outlet at the head office of Beauty Community PCL., Soi Nuanchan 34 on November 26, 2020.





## Business Goals

The company believes in sustainable growth without relying on only one product brand or distribution channel. Therefore, regarding operation of the company in the past, we focused on creating a concept or a new brand along with the launching of new products and increase distribution channels continuously. This is to achieve the business goals as follows.

- Be a leader in cosmetics market by developing the business to cover all demand of consumers in the market of all cosmetic product types and by creating new brand, packaging design and distribution channels Multi products, Multi brands and Multi channels,
- Create beauty products in more categories not only in cosmetics and skincare to cover all demand of customers and maintain the quality standard as same as the international organization. We focus on the products made from natural extracts and good design of packaging. This is to enhance the competitiveness in domestic and international sales to cover the different demands of customers.
- Expanding distribution channels throughout the country as well as other country, towards “International Beauty & Health Business Company” This is to reach more targeted customer group.

The business goals are created to ensure a smooth and efficient business expansion, and to gain a competitive advantage in the market, what leads to a highest interest for company shareholders.





# LIVE A

Business Operations  
of the Company by product line

# BEAUTIFUL LIFE

## Products and Services

The Company operates its retail business on cosmetics and skin care products that compose of natural extracts under the concepts of Beauty Buffet, Beauty Cottage, Beauty Market, Made In Nature. The concepts of Beauty Buffet and Beauty Cottage are presented in retail shops with different products, packaging, and shop design. Their products are also placed in different market position, pricing, and target group and building large scale customer base that covers all beauty-product customer levels as follows:







# BEAUTY BUFFET

The Most Delicious Beauty Shop In Town !

## Beauty Buffet's Products

"Beauty Buffet" came from the idea to integrate buffet restaurant with cosmetics retail business. It differentiate and create outstanding by adapting buffet food serving which provide variety kinds of food for tasting and having with beautiful and attractive decoration. After sufficient tasting, consumers will be able to select the most wanted things confidently. As a result, Beauty Buffet apply the same concept by providing many products for selection and decorating its shops to be attractive, including provide friendly service. The shops allow customer testing products before buying to receive the one which match their requirement. Beauty Buffet put chef's statue, designed pursuant to the shop's slogan of "The Most Delicious Beauty Shop in Town", in front of shops to attract customers. Key concepts of Beauty Buffet are;

*Easy Access*

*Variety*

*All in One*

*Reasonable Price*

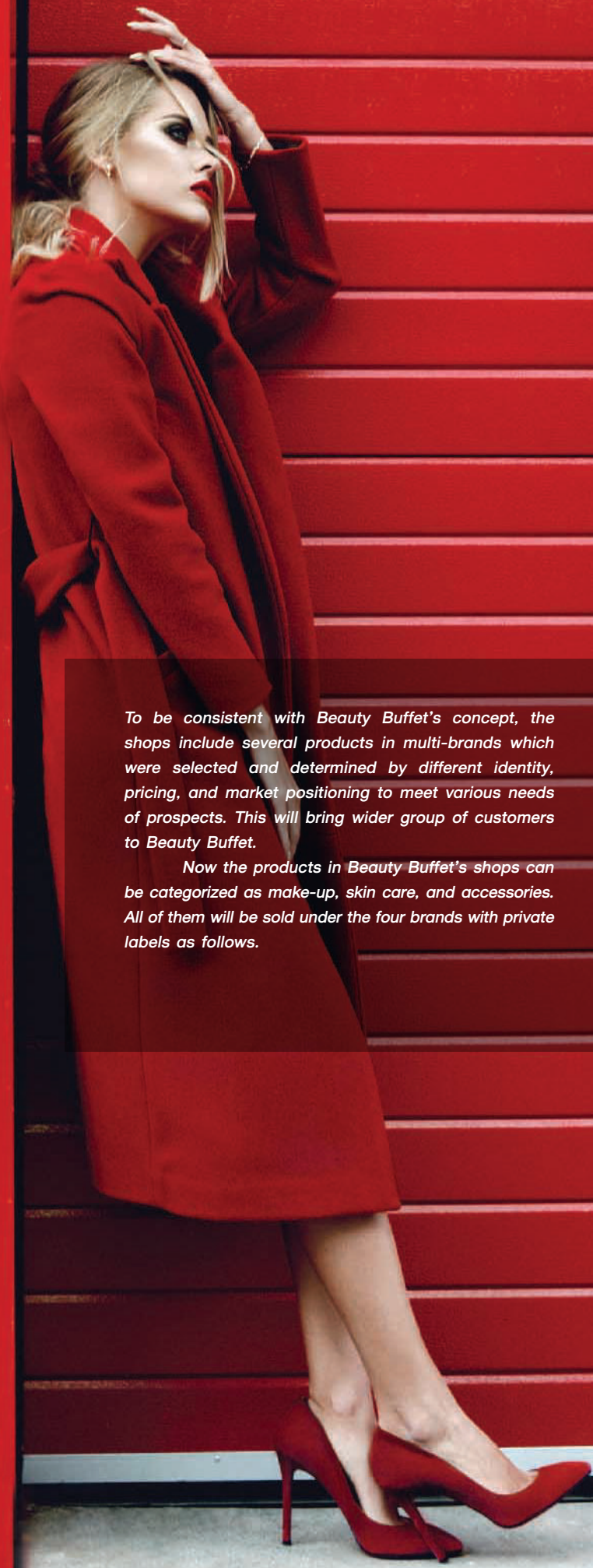
*Fun and Excitement*



SHOP

*To be consistent with Beauty Buffet's concept, the shops include several products in multi-brands which were selected and determined by different identity, pricing, and market positioning to meet various needs of prospects. This will bring wider group of customers to Beauty Buffet.*

*Now the products in Beauty Buffet's shops can be categorized as make-up, skin care, and accessories. All of them will be sold under the four brands with private labels as follows.*





## GINO McCRAY®

The Professional Make Up

A brand of make-up and accessories with pattern, color, packaging identity, and pricing that are designed to be suitable for working-age customers, including professional make-up artist. The products sold under GINO McCray can be categorized into 4 series of Pro Make-Up, Pink Passion, Heritage, and The Artist. Each of them has different tone, identity, and product positioning available for customer's selection.



## SCENTIO®

Inspired by nature

A brand of personal care products, e.g. body bath, shampoo, conditioner, face and body cream, skin scrubbing cream, hand and foot cream, which are composed of natural extracts and provide deep nourishing for whole body.



## THE BAKERY®

SWEET & DELICIOUS

A brand of make-up items and accessories in the same category as GINO McCray. To match with teenagers or new users need, It comes with trendy pattern and brilliant colors with lower price than GINO McCray.



## LANSLEY®

BEAUTY AND WELL-BEING

A brand of functional skin care, e.g. facial whitening, body fit, flawless, stretch mark products and food supplement, which enhance your appearance and reduce defects.







## Beauty Idol

Beauty Idol : A brand dedicated to facial care products under the slogan “Donkey Milk Reborn”, which has gained inspiration and beauty ideas from the legendary 2,000 year-old, Empress Cleopatra to high-quality skin care products, for nourishing clear, smooth, soft, moisturized and youthful skin. From Donkey Milk Extract, Ginseng Berry Extract, Anti-Oxidant from Angiosperm in Korea, that contains 15 times more Saponin in ginseng root and 9 natural extracts (Skin Baby).



Miracle Perfect : A brand dedicated to high-quality skin care, has been designated a market position at a premium level, elegant design, focus on skin care from innovation, 100% pure vitamin C derivative, Madonna lily extract, Licorice extract, Arbutin, Nano LPD's Multivitamin, Multivitamin, Moss Extract, Marine Plankton (GP4G SP), Black Complex and Black Caviar.





# Product Hero

## Beauty Buffet

BEAUTY IDOL DONKEY MILK REBORN DAY & NIGHT CREAM MASK/  
SCENTIO VITAMIN C AFTER BATH BODY ESSENCE/  
SCENTIO MILK PLUS WHITENING Q10 FACIAL FOAM/  
BEAUTY IDOL DONKEY MILK REBORN DROP ESSENCE





# Product Hero

Beauty Buffet



GINO MCCRAY THE PROFESSIONAL MAKE UP POWDER FOUNDATION SPF 15 PA++/



# Product Recommend

## Beauty Buffet

GINO MCCRAY THE PROFESSIONAL MAKE UP SERIES/





# Product Recommend

## Beauty Buffet



BEAUTY IDOL DONKEY MILK REBORN DEEP CLEANSING WHIP FOAM/  
BEAUTY IDOL DONKEY MILK REBORN DROP ESSENCE



# Product Recommend

## Beauty Buffet

SCENTIO VITAMIN C AFTER BATH BODY ESSENCE/  
LANSLEY HAIR REMOVER MOUSSE SPRAY





# Product Recommend

## Beauty Buffet



LANSLEY DIET COFFEE PLUS



# Beauty Buffet New Product 2020

 **SCENTIO**  
*Inspired by nature*



SCENTIO HAND SANITIZER SPRAY/  
SCENTIO HAND SANITIZER GEL



# Beauty Buffet New Product 2020



MIRACLE PERFECT ULTIMATE REJUVENATE COMPLEXION SKIN TREATMENT SET



# Beauty Buffet New Product 2020

**GINO McCRAY**

GINO MCCRAY THE PROFESSIONAL MAKE UP MOUSSE LIP







*Natural Crafted Beauty*

## Beauty Cottage's Products

"Beauty Cottage" is a concept to present products which composed of natural extracts in vintage shop and package by focusing on balancing between art & craft. Beauty Cottage's shops and products are designed in natural art style mix with gentle of western lady in Victorian age under the slogan of "Natural Crafted Beauty" which cause classy and luxury style.

All products under Beauty Cottage's concept are sold in the single brand of "Beauty Cottage" and categorized into 3 types of make-up, skin care, and accessories. The key focus is on raw materials selection i.e. extracts of flower, fruit, vegetable, herbal, and other plants, which have good properties of skin nourishing, skin moisturizing, skin firming, stretch mark reducing, including skin brightening.

Beauty Cottage is outstanding in selling of skin care products by grouping them based on extracts compositions. One sample group is the product with milk protein and wall nut extracts, i.e. body bath, body scrub, body care, and body spray, which help in body firming and whitening. Another example is the group of products with olive extracts, i.e. facial cream, face and eye serum, and facial massage cream, which help in skin nourishing, skin moisturizing, stretch mark reducing. The product grouping can help customer to select the products that completely match with their requirement.





# BEAUTY *Cottage*

Beauty Cottage focuses on selling the cosmetics with color from natural extracts according to the concept of natural beauty, e.g. eye shadow and brush-on with color extracted from berry fruits, including skin nourishing by mix ingredients of Vitamin E, Collagen, Aloe Vera, etc. Moreover, there is facial treatment in some Beauty Cottage's shops for service integration.

In addition, products of Beauty Cottage stay in more premium market position than Beauty Buffet with higher price and focus on the target group who are mainly concern in deep nourishing by natural products. On the other hand, Beauty Buffet's products focus on the target group who love in colorful, trendy, and variety of products.





# Product Hero

Beauty Cottage



BEAUTY COTTAGE ELEGANT IMPRESSIONIST SEMI - MATTE LIPSTICK/  
BEAUTY COTTAGE NATURAL CURVE EYELASH CURLER/  
BEAUTY COTTAGE VICTORIAN ROMANCE MEMORIES OF LOVE EAU DE PARFUME/  
BEAUTY COTTAGE TOTAL EXCELLENCE SKIN POWER BOOST SERUM/  
BEAUTY COTTAGE FOREVER BEAUTY POWDER FOUNDATION SPF 25 PA+++



# Product Recommend

## Beauty Cottage



BEAUTY COTTAGE ELEGANT IMPRESSIONIST SEMI - MATTE LIPSTICK  
BEAUTY COTTAGE NATURAL CURVE EYELASH CURLER  
BEAUTY COTTAGE VICTORIAN ROMANCE MEMORIES OF LOVE EAU DE PARFUME  
BEAUTY COTTAGE TOTAL EXCELLENCE SKIN POWER BOOST SERUM  
BEAUTY COTTAGE FOREVER BEAUTY POWDER FOUNDATION SPF 25 PA+++  
BEAUTY COTTAGE TOTAL EXCELLENCE SKIN POWER BOOST EYE SERUM  
BEAUTY COTTAGE NATURAL BLOTTING PAPER  
BEAUTY COTTAGE LUXURY VELVET MATTE LIPSTICK



# Made In Nature

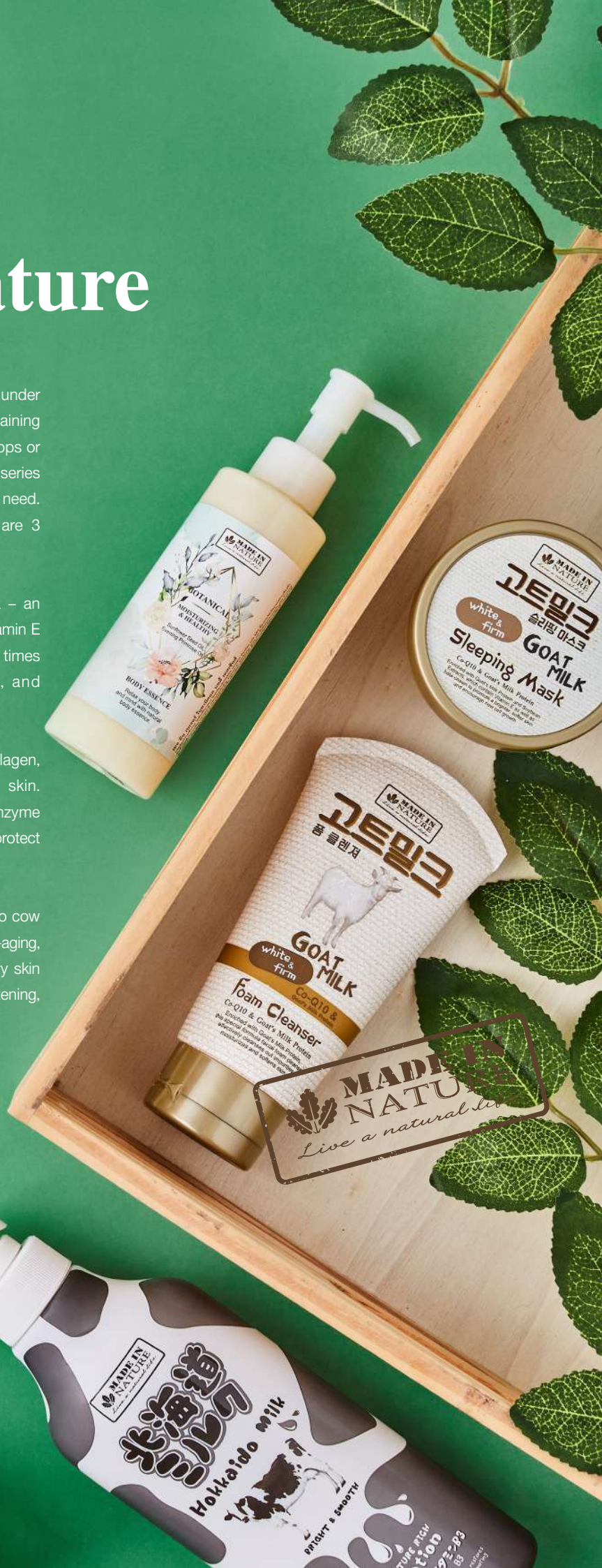
## Made In Nature's Products

"Made in Nature" concept of natural products, under the slogan of "Live a Natural life". with natural color containing premium mass products which are sold in large retail shops or modern trade stores. The active ingredients of these series were imported from Korea to completely fulfil customer need. As of December 31, 2020, Made in Nature Product are 3 groups, 12 SKUs as follows

- Goat Milk Series introduces protein from goat milk – an excellent skin nutrient – rich in Vitamin A, B6, B12 and Vitamin E as well as Beta-casein that moisturize the skins three (3) times superior than cow milk. Help nourish, smoothen, and anti-wrinkle the skin.

- Collagen & Q10 Series – specially concentrated collagen, nourishing, smoothening, firming and brightening the skin. Niacinamide (Vitamin B3) helps clearing the skin. Coenzyme Q10 possesses anti-wrinkle and antioxidant properties – protect the skin from UV ray.

- Hokkaido Milk Series – protein extract from Hokkaido cow milk enriched with protein necessary nutrient for skin – anti-aging, recover damaged cells, overall healing property for the dry skin that lack of moisture, restoring, anti-aging, pore tightening, smoothing skin, and softening





# Product Hero

## Made In Nature

MADE IN NATURE HOKKAIDO MILK MOISTURE RICH SHOWER CREAM (700 ML)/  
MADE IN NATURE HOKKAIDO MILK MOISTURE RICH SHOWER CREAM (450 ML)/  
MADE IN NATURE HOKKAIDO MILK MOISTURE RICH WHIPPING FOAM





# Product Hero

Made In Nature



MADE IN NATURE HOKKAIDO MILK MOISTURE RICH BODY LOTION (700 ML)/  
MADE IN NATURE HOKKAIDO MILK MOISTURE RICH BODY LOTION (450 ML)



# Product Hero

Made In Nature



MADE IN NATURE GOAT MILK CREAM BATH/  
MADE IN NATURE GOAT MILK BODY LOTION/  
MADE IN NATURE GOAT MILK SLEEPING MASK/  
MADE IN NATURE GOAT MILK FOAM CLEANSER



# Made In Nature New Product 2020



MADE IN NATURE BOTANICAL ESSENTIAL OIL/  
MADE IN NATURE BOTANICAL BODY ESSENCE

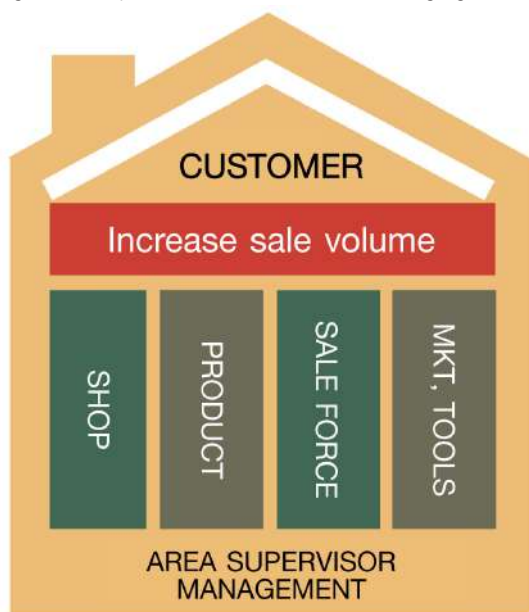


## Key Operation Policy

As the Company has its major revenue from product sale via retail shops, the key policy focus on efficient shop management. The Company also has other supplementary policies, i.e. location decision policy, pricing policy, and inventory management policy, to smooth its business expansion and achieve customer's satisfaction as per the following details.

### 1. Shop Management Policy

The Company use the home model for business management as per details shown in the following figure;



The Company's policy for shop management has key principal that all compositions in a shop should be matched and support one another. This implied foundation, pole, beam, and roof of a house. Each part must be connected unitedly to build a secure, beautiful, and comfortable house.

A retail shop can be compared with a house. All compositions; pattern, products, management, including sale; must be combined in perfect ratio to boost sale and achieve customer's satisfaction.

The compositions of home model imply meaning and importance as follows;

**Roof** means customers who imply a roof of house or the top of sale that make all compositions stable. The Company focuses on building good relationship with customers, studying customer's taste and needs, presenting suitable products and promotion for each customer, provide good treatment to customer, and also respect customer.

**Beam** means sale volume which implies sale boosting to support a roof which means customer. The Company has set both company's target and individual shop's target, then follow up all progress periodically so that strategy modification can be done promptly if required. Performance evaluation is made by counting of people entry, number of bills, sale volume per bill, and number of memberships. This can also evaluate employees' performance and successfulness of promotion campaign. In addition, the Company provides training for its employees regarding sale technique, e.g. how to sell during low and peak numbers of customers, how to persuade customers to entry the shop.

**4 Poles** means the parts to support and interface with customer and create sale, which are

**Shop** : Decoration can also make better sale environment. Beauty Buffet decorate their shops in different style, although, each shop is based on same standard to make customers accustom and comfort in buying in any shops.

**Product** : In addition to product quality and attractive package, the Company also concerns in product presentation e.g. product arrangement, product display, tester, price label ordering, which can attract customer.

**Sale Force** : It means salesman performance. The Company has its policy to provide training about product knowledge and service standard to employees. In addition, salesman are assigned in suitable numbers matching with shop's size and number of customers in each area to maximize sales efficiency.

**Marketing Tools** : They are different activities of sales promotion which are continuously held by the Company to retain existing customers and attract new customers. The Company has its policy to arrange new marketing activities to match with customers' lifestyle and meet their requirements. Thus, the activities are designed for both member and non-member groups for continue joining of customers. In addition, the Company has satisfaction guarantee campaign by allowing customers returning products within 14 days after the date of receipt. Customer can request for refund or changing of products at buying point. Such policy is developed to creating confidence in product quality. However, there were only a few customers returned the products.

**Foundation** means Area Supervisor Management which can support and enhance the poles to be strong and stay in good condition. The management of Area Supervisor is responsible for driving product management. Sales personnel and other activities that support sales to meet targets.



## 2. Location Decision Policy

Shop location is a key factor for its achievement. Now the Company has its policy to locate most shops in department stores; e.g. Central Plaza, Robinson, The Mall; including big supermarkets, e.g. Lotus, Big C. When any department stores will have new subsidiaries, they will send the Company their layouts for selecting shop location. The Company has criteria to select shop location as follows;

Overview consideration, e.g. the province of such subsidiaries, are they near community or university?, income per capita of population in the area.

Location consideration, e.g. how many of people should pass such location? Is it near a theatre, supermarket, or escalators?

After considering suitable location, the Company will run sale forecast compared to sale volume of other shops in the same province or nearby. The consideration includes rental fee per sale because it is the most significant in administration expenses. If the ratio is acceptable, the Company will start rental process. However, the Company may consider opening its shop in the subsidiaries with high rental fee, if such location can enhance Company's image or support public relation, e.g. shop in BTS station or department stores at the central of Bangkok. In addition, the Company will analyze turnover of each shop periodically and may consider closing down some unachieved shops where cannot increase their sale. However, business development team and interior design team of the Company have the plan to find replacement place for those closed shops to cover customers' needs.

## 3. BEAUTY's Overseas investment policy

BEAUTY's products receive very good response from international customers, to continuously expanding and opening up our products to overseas markets, in 2015, the company set up overseas department to drive and facilitate international market growth. The company has a policy to stretch out the distribution of its products through distributors who specialize in local retail markets. After an approval process, distributorships will be granted to potential distributors. All transactions will be on outright sales basis and distributors are responsible for freight, insurance and all handling costs. The company give distributors the right to sales the products under the company's trademarks and the retail store construction must follow the guidelines established by BEAUTY. The distributors are allowed to set the retail prices, but these must be agreed by BEAUTY.

## 4. Pricing Policy

Management of the Company engages in launching new products continuously to response trendy consumers. R&D and purchasing team will coordinate with sales and marketing team to design basic concept and formula of the products to meet market requirement. The price will be set in the suitable range for market situation of both direct and indirect competitors, including correspond with current price range. After that the team will coordinate with manufacturer for production plan by controlling raw materials' price and operating expenses in the limit level.

The Company's pricing policy starts by setting

the product's price, then create production plan to be corresponding with the set price. This approach receive the benefit in controlling price range of all products in competitive level, including gain reasonable gross profit margin.

Regarding outsourcing products, R&D and purchasing team will coordinate with sales and marketing team will select supplier by studying market opportunity, purchasing terms and conditions, making price comparison with competitors. After that, they will set the reasonable price by major concerning in gross profit margin.

## 5. Inventory Management Policy

In addition to attractive and efficient shops management, inventory management is another key factor which is important to business operation. As the Company has variety kinds of products with plenty of SKUs and all of them have certain expiry date that are around 2.5-5 years after manufacturing date, thus the Company has to develop the inventory management policy for consistency among central warehouse and all shops' warehouse. The policy focus on reducing risks of obsolete products and avoid selling expired products to customers, which can discredit the Company's image. Moreover, the policy is set to avoid product loss which mainly affect the Company's cost.

### 5.1 Warehouse Management Policy

The Company implement C-Smile program for inventory management of central warehouse and link it with POS (Point of Sales) that used for sale and inventory management of each shop. Inventory summary of each shop will be linked to update the inventory of central warehouse so that overall inventory can be checked at the central warehouse. In addition, the physical stock check will be done in monthly basis.

For good inventory management, order of outsourcing products will be minimize as less as good purchasing conditions can be maintained. The Company will manage inventory turnover efficiently by keeping sufficient stock and avoid losing of sales opportunity from stock shortage.

Nevertheless, the company uses First in – First out policy by giving precedence to designing product display to be corresponding to policy of ABC Product analysis, Inventory Day management and Product Aging Management so that products are properly circulated. Moreover, the large storage will inspect remaining life of all products regularly and has a policy to manage products by categorizing with remaining life of products as follows.



- The products with remaining life of 15 months will be grouped as the monitored products. The Company will calculate covered date by considering inventory per sale. If the result shows that there is a risk of uncovered sale, the Company will notice staff of each shop to boost sale of such products. R&D and purchasing team, including sales team will follow up for inventory of this product group for further plan and purchase.

- If there are any products with remaining life of 7 - 12 months, warehouse team will inform R&D and purchasing team, marketing and sales team to establish some promotion campaign for boosting sale so that such products can be quick distributed and avoid obsolescing.

- For the products with remaining life of 2 - 6 months, higher level of promotion such as clearance sales will be arranged to stimulate their turnover.

- For the products with remaining life less than 2 months, the central warehouse will not deliver them for sale at any shops. However, there was no record of any inventory with remaining life less than 4 months.

For Consignment, the company agrees with the consignor to switch or return products in case they are found damaged or nearly expired or its sales do not reach expectation.

In addition to inventory management, Microsoft Dynamics AX and POS program also have key function in recording of customers' information and sales history. Both systems will record general information of customers, date of purchase, including all purchased products which will be useful for CRM (Customer Relationship Management).

## 5.2 Stock obsolescence allowance policy

The Company has its policy to set the allowance of stock obsolescence by considering products' life. The products are categorized into 2 types which are finished goods and packages. Regarding finished goods, there are several kinds of them, e.g. make-up, facial care, body care, hair care, gift set. The policy will be set differently based on product's life of each type. The highest allowance of 100 will be set for the products with longer life than 3 years.

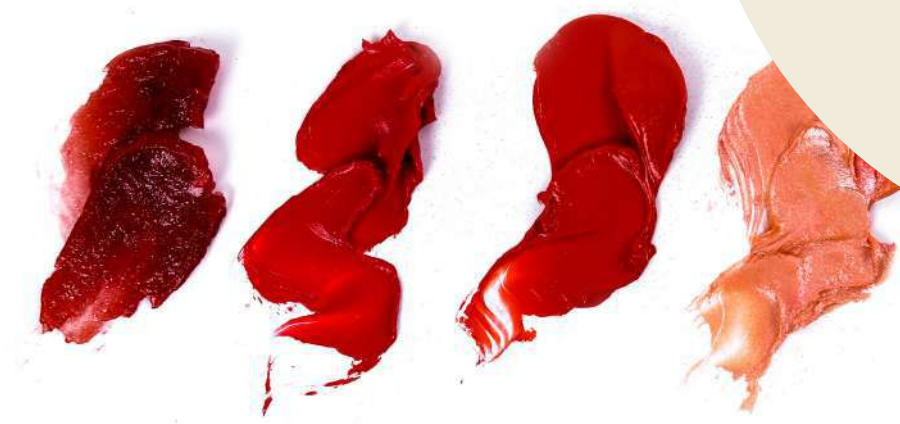
Regarding damaged products, expired products, or packages of obsolete products that unable to reuse; the Company has its policy to separate them in defect inventory. All defect inventories will be set the obsolescence allowance at 100 and stored separately for deposit in accordance with the rule of Revenue Department. However, there were not any expired item identified as defect inventory.

## 5.3 Loss Protection Policy

Although the Company set up monthly physical stock take at each shop, the loss can be taken because of small piece and large quantity of products. Thus, the Company established the policy to set up a monthly budget to be intensive for shops' staff. If any shop operates its business without product loss, all staff of such shop will receive full amount of such intensive. On the other hand, if there is product loss in any shop, the staff of such shop must compensate for the lost product in reasonable amount. This policy focuses on team work. However, there were a few lost products in the part, equal to 0.1 % of total sale.



“  
Bringing products to  
reach customers  
nationwide and expanding  
into regional level.  
”





## Marketing and Competition

### 1. Distribution Channel

The company has two main distribution channels:

#### (1) Retail Shop

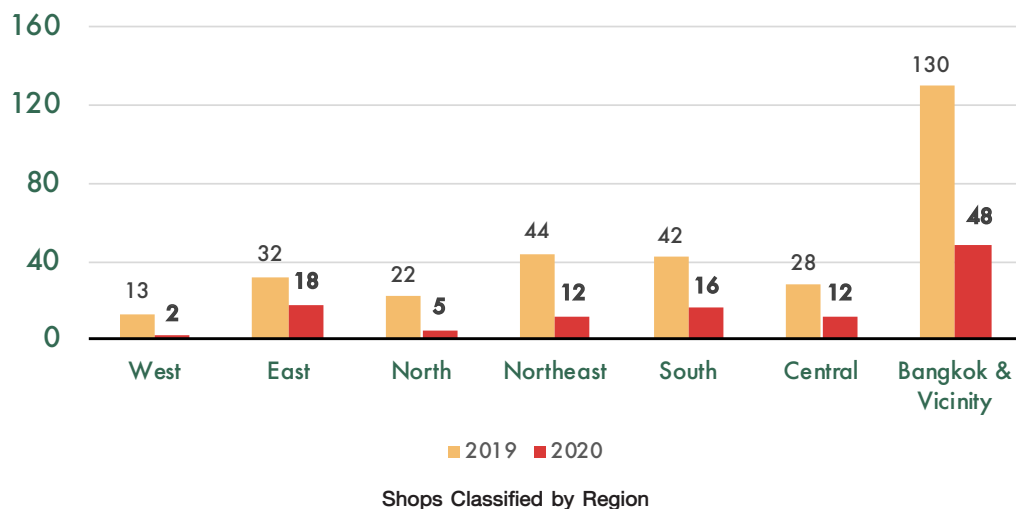
The products channel distribution is conducted through the branches of the retail shop, which focuses on direct selling to consumers through these local branches. The company has the proportion of the branch revenue distribution for 2020 and 2019 were total at 51.77 and 55.49 percent respectively.

##### (1.1) Local Branch Sales

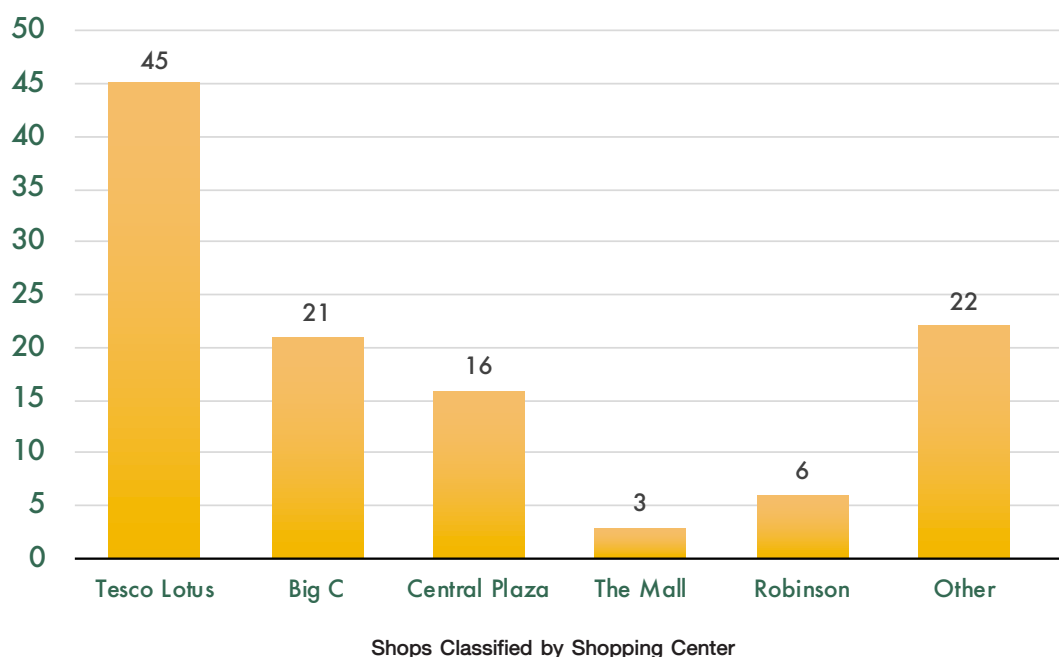
The products channel distribution, under the concept of beauty buffet, which is Multi Brand are spread throughout the country. The company has adjusted the organizational structure to be flexible, increase competitiveness and reduce the burden of expenses in the future by closing branches that do not have the ability to make a profit and add online sales channels to replace, such as 1. Retail Online, change salesperson to sell products via online channels, 2. Retail Delivery, customers can order products via Grab Mart, Food Panda to reach a wide range of customers and without limitation. This policy will help to reduce costs in the long run and increase the profitability of the company in the future with the number of branches at the end of 2020 and 2019, as indicated in the figure.

### RETAIL SHOPS

Bangkok & Vicinity : 48 Shops = 42%  
Up-Country : 65 Shops = 58%



### Shop by Department store





## ***(1.2) Franchise***

In the past, the company had plan to expand the Beauty Buffet retail shop, by selling franchise to interested parties. But now The company has a policy to expand branches within the country by themselves and now there is no longer a policy to open to franchises in the country anymore. As of the end of 2020, no franchise branches have been operational. The company has the proportion of the franchise for the year 2020 and 2019, revenue were total at 0.10 percent and 0.12 percent, respectively.

## ***(1.3) Available through other channels***

Selling through other channels, such as selling products to employees of the company at a welfare price, including selling Beauty Open House, Beauty Outlet, which will bring the company's products to be on special discounts during festivals such as the end of the year. In 2020 and 2019, revenue were total at 0.13 percent and 0.41 percent respectively.

## ***(2) Non retail Shop***

Non retail shop is a channel to help distribute the company's products to covering all areas of Thailand, as well as other parts of the world such as China, Vietnam, Myanmar, Laos, Malaysia, Philippines, Indonesia, Hong Kong, Taiwan, Asia, Middle East, and in other regions in the future. It will be conducted through various agents, such as distribution through overseas representatives, and ecommerce to enhance sales capacities of nonretail shop for the year 2020 and 2019, revenue were total at 56.00 percent and 43.84 percent, respectively.

## ***(2.1) Overseas Distribution***

The company al distribution of products in the overseas market. The company has a plan to recruit distributors who has regional expertise to distribute our products, because the company still lacks expertise in the area including procedures and rules for setting up a branch in a foreign country. In 2020 and 2019, revenue were total at 35.89 percent and 27.57 percent of the total sales revenue, respectively. Overseas sales channels are divided into 2 parts, China Market and Other Countries Market, the details are as follows.

### ***(2.1.1) China Market***

Focusing on the market of the People's Republic of China in the part of the model distributor (Product Distributor) as of December 31, 2020, there are 5 agents with a total of 34,484 points of sale. In addition, the company developed a new sales model, "Product License", in collaboration with distributors in China to develop 10 items of high margin new products, for the convenience and speed of managing the Chinese market and foresees that this is a large market with high business opportunities.

By 2020, 5 items have been released as Product License to increase market share from general trade channels such as convenience stores, others Modern Trade and online channels that are e-commerce for increase sales efficiency. For the Cross Border E Commerce channel, there is a policy to expand the number of new products, which in 2020 the company has sold 10 Platforms.

### ***(2.1.2) Other Countries***

In 2012, the company started to distributed products through representatives in Cambodia, for the first year. This was conduct through as a retail store. The company has controlled the design and quality of the shop's service in order to have the same standard, as in Thailand. , In 2019, there are distributors in 9 countries including, 18 branches in Indonesia, 29 branches in India, 29 branches in Myanmar, 5 branches in Malaysia, 5 branches in Laos, 1 branch in Brunei and 1 branch in Japan. In addition, the company has set up additional distributors, that is a Shop in Shop style and now the Company can cooperate with distributors in China to develop new products which will be launched to the market in the third quarter of 2020.

## ***(2.2) Consumer Product***

Large retail stores or modern trade is the channels that the company starts the distribution of made in nature products, in the mid of 2012. It focuses on the distribution in big superstores, such as Big C, Lotus, Villa Market, Top Supermarket, Foodland, Gourmet Market (The Mall), Golden Place, Fuji supermarket, 7 catalog, etc. The products are positioned as premium mass, namely, quality products that suited much wider market



at competitive price. In 2020, The company has consumer product distribution channel as of the end of 2020, as below:

### ***(2.2.1) Modern Trade***

As of the end of 2020, the company's products are distributed in hypermarket, and leading supermarket total 14 locations, 1,464 points of Sales, such as 500 branches of Watson, 280 branches of Boots, 172 branches of Tesco Lotus, 140 branches of Big C supercenters, 140 branches of Pure and 1 branch of Tops Supermarket.

### ***(2.2.2) Convenience Store and Catalog***

There are 3 catalog and convenient store: Friday catalog, 24 shopping and Family Mart as well as in the form of catalog on shelf store, at 7 11, the total of 650 branches, and 42 SKUs. It received good response from both Thai and international customers. It has expanded to Chinese Premium store together with the 4 branches of 7 11, in Lido (Siam) and Gaysorn Plaza.

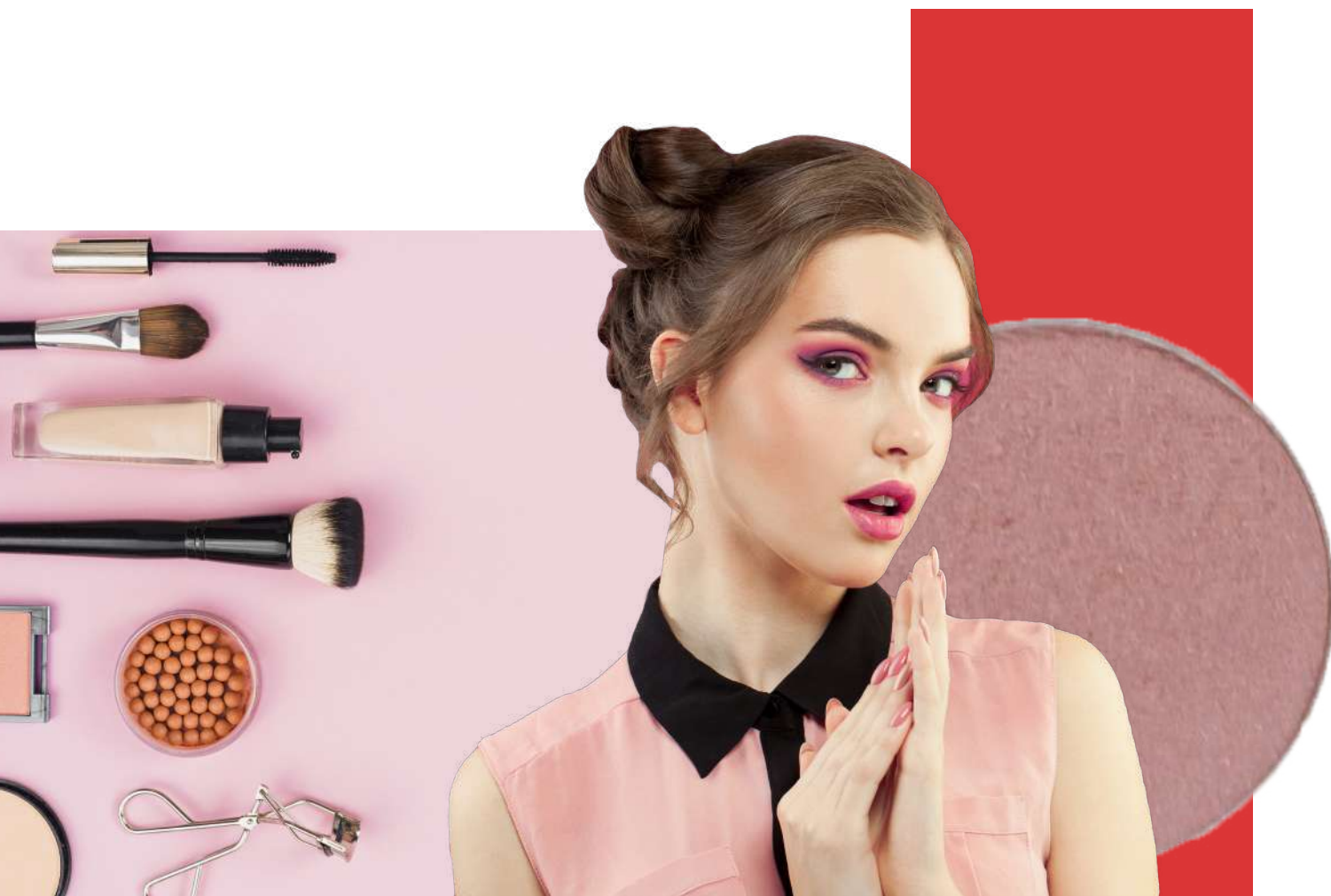
### ***(2.2.3) Traditional Trade***

The company has signed a buy sell agreement for distribution of goods with CP consumer products, and these products were well received by the customers. As of the December 31, 2020, there were 582 shops, and delivered products total 90 SKUs. In 2020 and 2019, The company has the proportion of the modern trade revenue distribution were total at 5.67 and 14.99 percent respectively.

## ***(2.3) E Commerce***

The company is distributed through e commerce in response to the customer's lifestyle. This distribution channel has an increasing demand in order to provide more convenience to customers. They can place orders at anytime and anywhere. The main e commerce's channel includes [www.beautybuffet.com](http://www.beautybuffet.com) and in the form of S commerce, such as Facebook, Instagram, Line @. These channels offer a wide range of products available on the website, that offers a full selection of products like Beauty Buffet, Beauty Cottages and Multi Brand Products, which the customers can make their purchase. Moreover, there're 12 popular third party websites available to provide customers with the convenience, such as Lazada, Shopee, Konvy, Shopat 7, Zilingo, JD, Beauticoool, Line Gift Shop, Central Online, K--Plus, Buzzebees, Weloveshopping.

In 2020, and 2019, the company has the proportion of e--commerce revenue distribution were total at 4.44 and 1.27 percent respectively.





## Marketing Strategy

The Company plans its marketing strategy that mainly emphasizes the customer's buying behavior. This is because, business trends in the future will not limited to offline channels or the online world only but must be a combination of the strengths of both styles. The current consumer's behavior tends to favor the consumption of online media and a more comfortable lifestyle (Lazy Economy). In addition, the competition in the cosmetics market both offline and online channels increases. There is a production of products, creating their own brand to sell products online directly to customers including many online merchants.

### *1. O2O Marketing Strategy*

The Company hence focuses on the O2O Strategy to reach the target customers as much as possible by using public relation activities and promotion via the online channels, in order to draw the target customers from the online channel to its offline stores, as well as, to draw the customers from its offline stores to its online stores.

### *2. Branding Strategy*

At present, the Company makes a successful progress with the creation of the underlying concept or the branding of Beauty Buffet and Beauty Cottage, to become widely known and recognizable by the target consumers; and generate the revenue mainly from selling these products through the Company's stores. The Company also has the products under the concept of Made in Nature that the Company promotes to the consumers via the modern trade, convenient store, and as well as the traditional trade. The Company's branding strategy is based on the following ideas.

#### *2.1 Creating a Unique Identity*

The main components that the Company uses for making its brands recognizable to the consumers are creating a unique identity for each brand.

- Beauty Buffet has a unique identity of presenting several, buffet style options.
- Beauty Cottage has a unique identity of being simple yet elegant.
- Made in Nature has a unique identity that represents the nature.

For those reasons, the Company has designed the products, the packaging, and the stores to represent the unique identities of each individual brand. Also, the Company has the policy to keep developing the new and novel concept or brand, in order to acquire new target customers that are not overlapping with the existing ones. This strategy will help to spread the risk of relying on one brand. The Company expects that the policy will sustain the grown of the Company's business in the future.

#### *2.2 Service Differentiation*

Beauty Buffet and Beauty Cottage are not only focusing on selling the products, but also offering complete Beauty Solution to the customers. Customers who visit our stores will receive a friendly, warm welcome and excellence service from our employees who have passed the standard training of the Company. Our employees can recommend the most appropriate style of makeup and cosmetics for each individual customer, and the products that are suitable for the customer's skin. The underlying objectives of this strategy are to make our customers feel more comfortable to choose and to buy our products, to make them more confidence in, and access more of our products. The services provided to our customers will be totally different from the services provided in other beauty stores at the same price range.

#### *2.3 Branding Strategy for Capturing the Market via Other Distribution Channels*

Building a new brand for creating the new market and the new distribution channel is one of the Company's marketing strategies. In 2012, the Company started the development of products in the Made in Nature line. Today, there are over 12 SKUs of in the products line that are being sold through the modern trade, convenient stores, and as well as, via the traditional trade, in order to expand the Company's customer base. In the future, the Company has the policy to create additional brands that distribute beauty products to continuously capture other distribution channels in the market.

### *3. Customer Base Retention Strategy*

Besides the idea to develop the new concept or the new brand for penetrating various levels of the market and the targeted customers,

#### *3.1 Increasing the Available Channels for Accessing our Products*

The Company has the policy on continuously expanding distribution channels to reach as many consumers as possible and consistent with the behavior of the consumer. In addition to opening branches in Bangkok and vicinity area and then, expand the business to other regions. Today, there are Beauty Buffet stores in every region of the country, while Beauty Cottage stores are expanding into major cities in every region. The new branch opening will facilitate our customers to conveniently access and buy our products and make our brands recognizable to the customers as well. While, the Made in Nature line will be distributed via modern trade, convenient store and the traditional trade. Moreover, the Company also distributes its products via electronic commerce (E commerce) and social media (S Commerce), to make customers feel more convenient and increase channels for accessing the products to its customers.



### 3.2 Simultaneous Products' Quality Maintaining and New Product Development

Products' quality is an important factor for inviting repeat customers. If the products are of good quality with a good price, customers will be satisfied with and have a good attitude toward the Company's brands. Therefore, the Company emphasizes on developing and maintaining the quality of products that are suitable to the skin and skin tone of Thai people, whereas the Company tests every batch of products manufactured, in order to ensure the products' quality and suitability for the users. Moreover, the Company prioritizes continuously creating the new product, in order to answer the customers' trend and preference. This is because the cosmetics market is an ever changing market, where foreign new brands of cosmetics from other countries, especially from Korea and Japan, are flowing into the market and competing with the Company's as they have similar targeted customers and potential customers. Therefore, the Company has the policy to develop its new product by surveying the current preference of both domestic and foreign markets continuously, in order to develop its product to be a better match to the customers' preference. The Company also has an open--policy for seeking for manufacturers, high potential domestic manufacturer or foreign manufacturer, such as a Japanese business that setups its factory in Thailand. The Company also orders the manufacturing of its products from a foreign manufacturer, for example, Korean, etc., in order to improve the quality of its products to match up with the competition and the customers' demands quickly and completely.

### 3.3 Customer Relationship Management

The Company develops a specific information technology system for storing its customer database, which is used for the purpose of Customer Relationship Management (CRM). This allows the Company to answer the customer's demands more specific. The CRM System starts from encouraging the customer to apply for the membership with the Company, attracting theme by giving discount to members, and giving a promotion of free membership fee for applying via the newly opened branches and after the customer buys products for a specific not to high amount, to encourage the customers to use their right to apply for the membership. Once the customers become the members of the Company, the Company will collect their personal information, such as, the address, age, gender, education, etc, as well as the product purchase data of each individual customer, such as, type of purchase, frequency, most frequently bought products, the opinion toward the product, specific demand, etc.

In 2020, the Company will be able to tailor its marketing activities and sales promotion activities that are conforming to the demands of the targeted customer. For example:

- A point accumulation project for Beauty Buffet and Beauty Cottage for the brands' members, where the members can use the accumulated point as a discount for buying or redeemed the products they want.
- Birthday Promotions, a special discount given for the month of the member's birthday and Birthday Gift
- Special for New Product. A program for the privileged member that allows the member to try new products before the general customers and to enjoy a special discount.
- Beauty Day, a special discount on every 2nd Wednesday of the month, for the privileged member only.
- Promotion for group based customers, such as, frequent customer, frequent buyer, top spender, etc. These customers can enjoy special discount where they may check their privilege at the store.
- Value added member privileges, The Company collaborates with other businesses that implement the value added program for the holders of the member card of Beauty Buffet and Beauty Cottage, where they will enjoy special products, discounts, and services from many affiliated businesses, including, hotels, spas, restaurants, hospitals, beauty clinics, service providers, etc.
- Points Based Review Activity, by reviewing your favorite products under the brand activity post get 300 points, and which comment has been the most likes will receive a free giftset.
- Members can exchange reward points for participating gift cards.
- Members do not receive bags, receive 2 additional points.
- Beauty Cottage members buy Beauty Cottage products at Beauty Buffet shop get 40% discount.
- Beauty Cottage and Beauty Market members, points can be used at Beauty Buffet shop.
- Apply for a new member get special privileges, able to purchase anything in Beauty Buffet shop at a 50% discount for 1 item. (Except Accessories and M project products)
- Create a special promotion with the E Commerce Platform, buy discount coupons in Shopee, can use at Beauty Buffet shop.
- Send EDM for promote the promotion and various activities via email of members.
- O2O : a program that aims to increase the traffic from the online channel to the offline channel, or vice versa.
- Online to Offline involves implementing online activities that attract customers from the online channel to the stores, such as giving our E coupon and asking the customers to use the coupon at the store.
- Offline to Online involves implementing storefront's activities to attract customers to the Company's online channel, such as, asking a customer who buys the products at the store to check in or add Line@.
- After sales services, including, providing detail information about the Company's products and special privileges, as well as solving the customers' problem, via various channels, including, the public relation hotline at 02 079 5111 and Facebook page of each brand.



# Customer Relationship Management (CRM)



## 3.4 Creating “Beauty Community”

Nowadays, online media has played more and more roles in communicating between one another. The company has seen the marketing opportunities to reach the target group of the company through various kinds of the internet, which enable them to respond to the customers conveniently and quickly, as well as understand needs of each person and the problems of products and services. Moreover, the company has designed the Content Marketing to be attractive and appealing, including public relations of the online trendy platform. The company has created the online media as follows:

### Beauty Buffet

Website : [www.beautybuffet.co.th](http://www.beautybuffet.co.th)  
Facebook : Beauty Buffet Shop  
Line : @beautybuffetshop  
Instagram : beautybuffetshop  
Twitter : BeautyBuffetTH  
Youtube : Beauty Buffet Shop

### Beauty Cottage

Website : [www.beautycottageshop.com](http://www.beautycottageshop.com)  
Facebook : Beauty Cottage Shop  
Line@ : @beautycottage  
Instagram : beautycottageclub  
Twitter : BeautyCottageTH  
Youtube : Beautybuffetcottageshop

### Made in Nature

Website : [www.made-in-nature.com](http://www.made-in-nature.com)  
Facebook : [www.facebook.com/madeinnaturefanpage](https://www.facebook.com/madeinnaturefanpage)  
Instagram : Madeinnature\_official





Creating the above media does not only conveying the message to advertise the products and making promotion, but also present various lifestyles in line with the brand concept to create attraction and let the customers participate in presenting new concepts, such as, methods of trendy make up, wearing clothes suitable for modern personality, trendy information, popular restaurants and favorite travelling places among the target group, etc. Moreover, there are events, such as make up photo contest, doing jigsaws of product photos, and contest of feeling description towards the product so that the customers follow the online beauty community, in which the company acts as a host and the customers as guests with the aim of creating two way communications and good relationships with customer in the long term.

The company has consistently attended the exhibitions and organized the workshop activities with external organizations to publicize every brand of the company and provide knowledge on skin nourishment and a variety of make up to organization's staff to apply with their daily life and let the target group have experience in using the brand's products to increase the member base and brand's sales volume. It is considered another channel in creating "Beauty Community" which receives well responses.

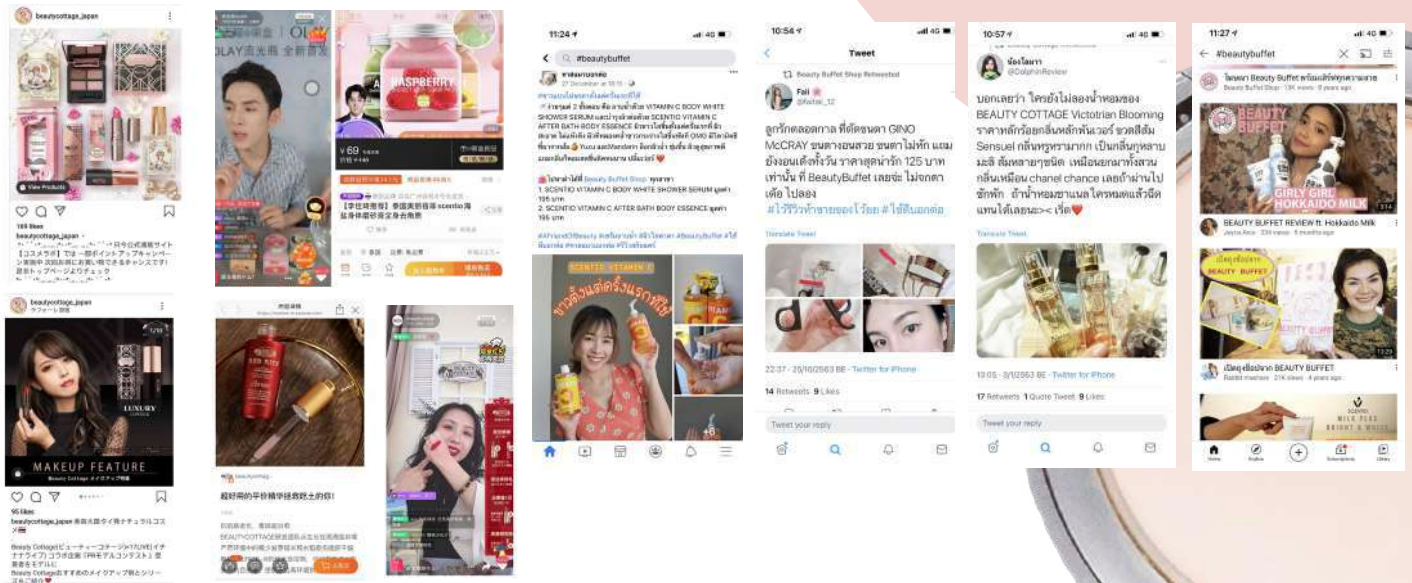
## Promotion



## Traditional PR & Tie In







Target Group:

- Company's products are consumer products and with the concept of business conduct based on retail distribution, the company's target group is the end user consumer group, especially women who have tendencies and characteristics of using cosmetic skin nourishment products more than men. The products distributed through Beauty Buffet, Beauty Cottage, modern trade channels, convenience stores, and traditional trade have different marketing positions. Therefore they have targeted the different customer groups as follows:

- *Beauty Buffet's Target Groups*

- The products distributed in Beauty Buffet have diversity, bright colors, reasonable price compared to the cosmetics distributed through the retail shops in the marketplace. Therefore, the target groups are the adolescents from junior high school to working age which requires using the cosmetics to nourish themselves and enhance modern personality.

- *Beauty Cottage's Target Group*

- The products distributed in Beauty Cottage focus on skin nourishing products from natural extracts and present in beautiful and attractive packaging. Therefore, the target groups are university students and working age people who require more skin nourishment together with creating elegant personality.

- *Made In Nature's Target Group*

- Made In Nature products distributed through modern trade are daily products creating differentiation by using good quality and natural raw materials. Therefore, the target groups are male and female who gives importance to take care of themselves and are general customers of supermarkets.



## Industrial conditions and competitive conditions

### ● *Cosmetic & Beauty Industry*

In 2020, the coronavirus 2019 (COVID-19) pandemic has affected domestic and international economies in general. Cosmetics and beauty businesses are inevitably included, such as beauty salons and spa & wellness business. Cosmetics stores in the shopping mall were also temporarily closed; as a result, the sales have declined. According to McKinsey Consulting, global revenues in the beauty market were expected to fall by 30% in 2020, resulting in necessary adjustment of beauty industry entrepreneurs' strategies in order to survive.

Meanwhile, consumers are also adjusting their daily habits to minimize the impact as well by reducing the expenses for extravagant items, such as skincare or cosmetics. In addition, wearing a face mask has become a new lifestyle and a part of everyday life, making women less worried about makeup. Instead of buying cosmetics, women focus more on beauty from the inside out; rather than buying skincare products, supplements are prioritized as they can protect and strengthen the bodies.

Although the coronavirus (COVID-19) pandemic remains unsolved, the cosmetics industry is expected to gradually rebound with good signals respectively. Nowadays, males, females, and all ages are paying more attention to their health, beauty, skin, and overall well-being, especially women. Women want to always enhance their personality and want to preserve their good-looking skin, ranging from adolescence to old age. Moreover, imported goods are expansively targeting the middle and lower markets via the use of advertising through popular social media platforms to allow consumers to easily access and receive cosmetic products information. There are a lot of small producers entering cosmetic business as well, which can be seen in various media, due to the high yield and low cost of production. Cosmetics and skin care continue to grow so long as there is an increasing consumer demand.

Manufacturers and distributors need to keep pace with rapidly changing consumer trends and behavior. The coronavirus 2019 (COVID-19) pandemic must be closely monitored, and the strategies must be adjusted to keep up with the situation as follows:

- Manufacturing and innovative technologies should be developed to meet the wider needs of consumers.
- Create a unique product image so that it can be marketed and added value to the product.
- Marketing strategies must be adjusted in various areas to prepare for risk factors both uncertain economic conditions and coronavirus outbreaks. Currently 2019 (COVID-19), there are promotional or public relations activities through various media. Creating widely-accepted brand is equally as important.
- Selling cosmetics through retail stores and expanding branches must be supported by a good sales management system in order to grow.
- Extensive and comprehensive distribution channels are required to reach a wider range of consumers due to the growth in the cosmetics industry trend. The factors needed to succeed in this business as mentioned above, the company is confident that we will continue to grow just like the industry itself.
- Develop products to keep up with changing consumer behavior in the New Normal

### ● *Competitive conditions*

The competitive trends of the cosmetics market under the coronavirus outbreak 2019 (COVID-19) is also relatively high in both offline and online markets. Each player creates his/her own brand to sell products directly online; plus, the many other new online merchants. Small entrepreneurs can easily start a business as small amount of initial investment and working capital is required. As a result, new players are competing in the business and are considered to be easy to enter through E-Commerce because the route is easily and quickly accessible to consumers and entail a small investment.

However, long-term survival of the business is a challenge for new entrepreneurs as the competitive capacities, such as the advantages of distribution channels, a customer loyalty, unique product's identity, and brand recognition are important. To gain consumers' broader awareness requires quite a large working capital. And to create interesting products requires experience and expertise in the business. More importantly, the major challenges market players face is to understand and raise consumers' awareness because consumer behavior has changed dramatically. The purchasing decision to buy goes beyond pricing but rather comes from brand familiarity, trust, and safety. These days, consumers prioritize health and skin care products over makeup products to feel comfortable, when wearing a face mask, unlike before COVID-19, in the New Normal.

However, the company has plans to deal with the coronavirus outbreak 2019 (COVID-19), and consumer behavior has changed dramatically. New products, such as dietary supplements, skin care, and alcohol gel are launched while expanding distribution channels to reach more consumers e.g. General Trade and E-commerce channels. Marketing plan is adjusted using the O2O strategy to reach as many consumers as possible and to build brand credibility with potential of drawing online target customers to buy products offline and vice versa. In 2020, the company has domestic and international distribution channels to reach more consumer groups.



## 1. Overseas Sales Channel

# Overseas Channels



## 2. E-Commerce Sales Channel

# E- Commerce Channels

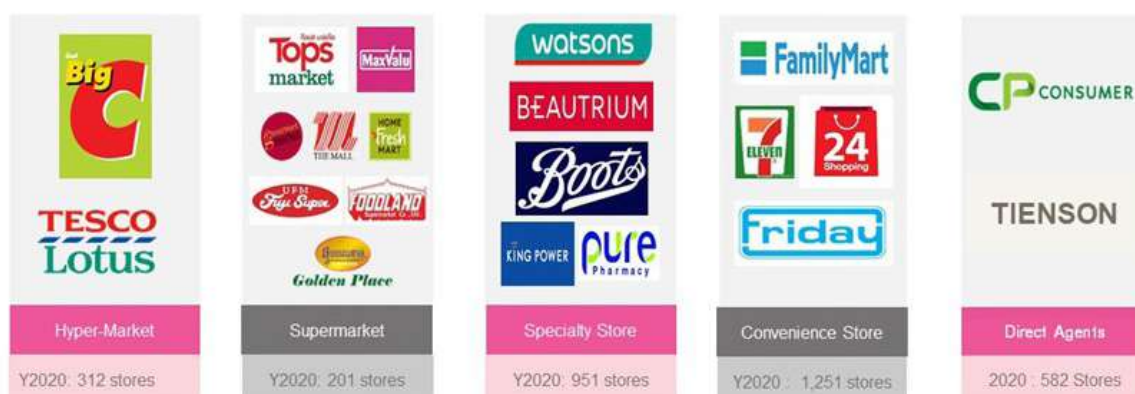




### 3. Modern Trade Sales Channel

## Modern Trade Channels

Y2020 : 3,297 Stores



### 4. Retail Sales Channel

The company's direct competitors are multinational and Thai entrepreneurs. The company prioritizes competitor who are entrepreneurs distributing products similar to the company's products. There is a target audience that is adolescent to working age. Offers similar levels of sales prices. More importantly, there are brands that are recognized by customers, as well as a broad distribution of products that reach consumers, including:

Brand	BEAUTY	Oriental Princess	Karmarts	Cute Press	Yves Rocher	Skin Food	The Body Shop	Etude House
Distributors	BEAUTY COMMUNITY PCL.	SSUP (THAILAND) COMPANY LIMITED	KARMARTS PCL.	SSUP BANGKOK 1991 COMPANY LIMITED	YVES ROCHER (THAILAND) COMPANY LIMITED	MALACHI COMPANY LIMITED	EARTH CARE COMPANY LIMITED	AMOREPACIFIC (THAILAND) LIMITED
Year established	2000	1985	1994 <sup>(1)</sup>	1976	1992	2005	1993	2004
Operating years	20 ปี	35 ปี	26 ปี	44 ปี	28 ปี	15 ปี	27 ปี	16 ปี
Paid capital	300.69	78	528	70	12.5	165	55	660.40
Total revenues <sup>(2)</sup>	2,020.77	3,791.99	1,608.04	213.09	710.17	230.99	329.04	1,366.97

Remarks

(1) Karmart Plc. was established in 1994 but started its cosmetics distribution business in 2011.

(2) Million Baht Based on financial statements ended 31 December 2019

The company's revenue has continued to grow. The management team acknowledges that the company's competitiveness and advantages are:

- The company has a wide range of brands: Beauty Buffet, Beauty Cottage, and Made in Nature. Each of which differs in product design, distribution channels, and marketing positions to meet the needs of different target customers and build a customer base to cover all levels. Beauty, which creates charisma in the company's image and product.
- The company has a wide range of distribution channels covering and reaching consumer groups e.g. retail channels, Modern trading channels (department stores, supermarkets, convy stores, catalogues), General Trade channels (Traditional Trade), and E-commerce channels, which are growing rapidly and continuously making competition more competitive derived from changing in consumer behavior - online and offline overseas channels are increasingly being used.
- Continuous monitoring of local and international market trends serving as a guide to develop products that meet the needs of consumers.
- The quality of the product is comparable to cosmetics from abroad, but has been improved to suit the unique skin characteristics and skin tone of Thai people.



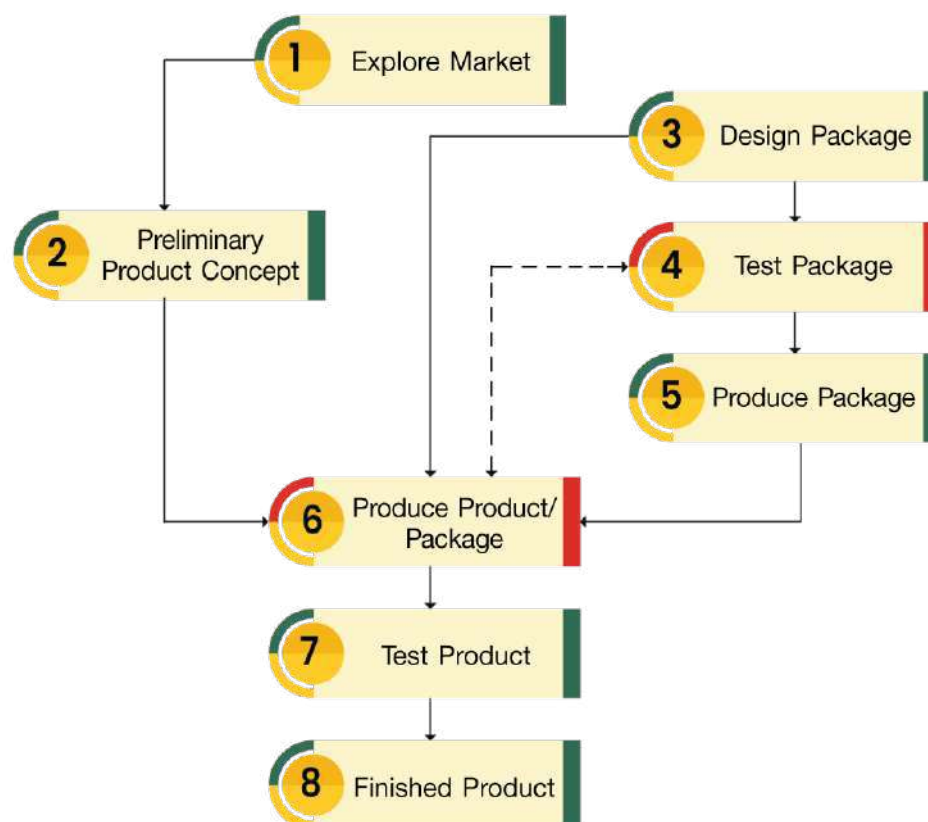
- Beautiful packaging design that is very appealing
- Ordering from multiple manufacturing plants with different manufacturing expertise, which provides flexibility in production as well as the production of new products.
- Computer-based management system controls sales and warehouse management, and customer storage system for customer relationship development to access greater consumer needs.

In conclusion, although the market for cosmetics and skincare products has a high competitive rate from both domestic and international competitors, the company believes that with our competitive-edge and experience in business; the company will be able to adapt to gain an advantage in both domestic and international industries - resulting in continual growth in the future.

## Product Procuring

### 1. Process of Product Procuring

The company has no self producing policy, all of the products will be manufactured by many manufacturers which are specializing in different types of products. The product procuring process is show in the following flow diagram.



New product development will be performed by department of product development. It will cooperate with marketing department and sales department in the purchasing. The process start with (1) market trend exploring in local and foreign countries, then (2) build a preliminary product concept which means the defining of product structure corresponded to market demand, such as color, smell, viscosity, and specific properties (i.e. anti oxidation ability and anti wrinkle ability), including define active ingredient which is providing specific requiring property. (3) Design package for the above product.

In the manufacturing, the company mostly using other manufacturers to manufacture product materials which are did not identical to package producing manufacturer. (4) The package designed by the company will be sent to package manufacturer in local and foreign country to produce prototype package. Then the prototype package will be sent to the product material manufacturer in order to test the compatibility between material and package, leakage, and other defects. (5) The whole packages will be produced and sent to product material manufacturer. (6) Department of product development will order the local and foreign country manufacturers which are specialized in different types of product to manufacture product material with preliminary concept. These manufacturers will procure the ingredients themselves, while some of them would manufacture product package depends on its expertise. (7) Product materials will be tested their chemical and physical properties by the manufacturers. Some of them will be tested their specific chemical properties by external laboratory in order to ensure the required properties. In addition, the company always test product performance itself before (8) distributing finished product to the consumers.

Price of manufacturing, the company pay to the manufacturer, usually a bit fluctuates. If the manufacturer need to increase the price the negotiation will be done in advance. The order of product manufacturing and new product issuing are annually, thus, the company can estimate product price flexibly.



## 2. Product Purchasing Process

The company has a Multi Brand Project (M Project), which means it brings products that are alternative brands or non branded products to be sold in the company's retail stores, to increase diversity and meet the needs of customers comprehensively. Purchasing process is important to the operation of the company, it has the processes as followed.



The product purchasing will be operated by department of product development. It will cooperate with marketing department and sales department in the purchasing. The process start with (1) market trend exploring in local and foreign countries, then (2) selecting product that will be purchased which means the defining of product structure corresponded to market demand. (3) Selecting source of product purchasing, which is owned by brand owner or standard source. After product selecting and source selecting, (4) the ordering quantity will be planned. The company will order at the minimum items which keep the appropriate conditions and manage working stock effectively while adequate for the selling quantity to avoid losing selling opportunity. (5) Negotiation of price and ordering conditions will be effectively executed in order to keep the minimum benefit as the company have set. (6) The issuing of purchases order will be issued corresponding to price and ordering conditions (7) In the process of product delivery, vendor will deliver products to the company warehouse. The company concern about delivering date. Because of a small amount of inventory, the delivery must on time in order to manage inventory effectively.

## Customer Satisfaction Guarantee

Since 2008, if the customers did not satisfy with product they can return within 14 days in order to assure the customer satisfaction and safety. In addition, the company also received recommendations which will benefit new products. The number of returning products is below 0.01% of total sales. Moreover, the company never got the complaint about product quality neither customers nor government office (i.e. FDA) in the return of those products.

Cosmetic and skincare products (exclude beauty accessories) are the product that must got an approval to manufacture from Food and Drug Administration (FDA) corresponded to Notification of the Ministry of Public Health, which are categorized into 2 classifications:

- Controlled cosmetics; Ministry of Public Health set all kinds of cosmetic as controlled cosmetics, effective since 26 September, 2008. The cosmetics must apply for the permission and registration certificate number then printed on their packages (label). Most of cosmetic products are under this classification. Product labels must contain registration certificate number and FDA number. The manufacturers or importers of specially controlled cosmetics required to register the product to FDA while the company participate in checking the product label that contain necessary words to make legitimate. In addition, all of the company products are approved by FDA.

## Criteria for Manufacturer Selecting

The company prioritize the quality of manufacturer and distributor. All of them must be legally authorized by Food and Drug Administration (FDA). Criteria for the evaluation of manufacturer and distributor were firstly focused on the quality. The criteria were divided into the following.

Product quality	Priority/Score	Percent 50
Price	Priority/Score	Percent 20
Deliver on time	Priority/Score	Percent 10
Service	Priority/Score	Percent 10
The duration of crediting	Priority/Score	Percent 10

Almost all of the company major manufacturers had been certified their standards by Good Manufacturing Practice (GMP) (some of them are under the operation). The company evaluates manufacturers and vendors annually to ensure that all of them still in the appropriate quality and standard. In addition, the company have made the orders for product material manufacturing form about 36 manufacturers at present. These manufacturers manufacture different types of products which they are specialized in. The company do not solely significant rely on anyone. Moreover, the popular products will be manufactured concurrently by 2 manufacturers.

## Impact on Environment ---No----



## Significant Agreement in Business Operation

### ● *Beauty Buffet Franchise Agreement*

At December 31, 2020, the Company has important business agreements, the summary of the agreement substance are as follows:

### ● *Beauty Buffet & Beauty Cottage Distribution Agreement*

In 2012, the Company has initiated the business expansion and products distribution to overseas with a policy to distribute the products through the local professional distributors. Cambodia is the first country where the Company expanded its business to as the Company has foreseen the potential of the market and distributors. As of 31 December 2020, the Company has entered into distributions agreement with the oversea distributors in 13 countries namely Vietnam, Myanmar, Indonesia, Hong Kong, Taiwan, Philippines, Laos, Singapore, India, People's Republic of China, Malaysia, Japan and Brunei. The substance of the distribution agreement with oversea distributors are as follows:

Relationship	The Distributors are not related to the Company
Agreement substance	<p>Term of agreement The term of the agreements are 3 years and the agreements can be renewed for the period of 3 years each time.</p> <ul style="list-style-type: none"> <li>- The distributors have the right to import "Beauty Buffet" or "Beauty Cottage" products as they have been appointed by the Company to sell in the permitted countries.</li> <li>- The distributors shall be responsible for selling expenses and cost of international shipping.</li> <li>- Any purchase of the Company's products made by the distributors, the Company shall deliver the products upon the products price has been fully paid.</li> </ul>

### ● *Authorized Distributor on Online Platforms Agreement*

In 2018, the Company started expanding its products distribution via online platform channels in the People's Republic of China. In this regard, the Company has the policy to appoint authorized distributors of "Beauty Buffet" products or "Beauty Cottage" products to distribute such products on online channels in the People's Republic of China. In 2020, the Company had appointed the authorized distributors of "Beauty Buffet" on 6 online platforms and "Beauty Cottage" on 6 online platforms. The substance of the authorized distributor on online platforms agreements in brief are:

Relationship	The Distributors are not related to the Company
Agreement substance	<p>Term of agreement The term of the agreements are 1 year. The agreement renewal shall be considered from the distributors' performance and the agreements can be renewed for the period of 1 year each time.</p> <ul style="list-style-type: none"> <li>- The distributors have the right to import "Beauty Buffet" or "Beauty Cottage" products as they have been appointed by the Company to open flagship stores in permitted platforms.</li> <li>- The Company shall control the minimum prices of the products in order not to affect the selling price of the products in the market.</li> <li>- The distributors shall be responsible for selling expenses and cost of international shipping.</li> <li>- Any purchase of the Company's products made by the distributors, the Company shall deliver the products upon the products price has been fully paid in cash.</li> </ul>

### ● *Sale and Purchase of Products for Distribution Agreement*

In 2015, the Company expanded its regional product distribution through retail channels. The Company has a policy to distribute the products through the distributor who is local retailing expert, as the Company foresees the potential of the market and the distributor. In this regard, the Company has entered into Distribution Agreement with the following substances in brief:

Relationship	The Distributors are not related to the Company
Agreement Substance:	<p>Term of agreement The term of the agreement is 3 years from 1 July 2015. When the term is due, and the contractual parties do not present any intention to terminate the Agreement within 90 days before the expiry date, the agreement shall be automatically renew for 1 year at a time, until either party terminate the Agreement.</p> <ul style="list-style-type: none"> <li>- The Distributor has the right to distribute products under Company's trademarks which are the products of the Company. The Distributor shall distribute to the beauty retail stores in each region except the stores which is already engaging in selling products of the Company. The Distributor shall not sell or act as a distributor of other products in the same type as the products of the Company.</li> <li>- The Company shall sell the products to the Distributor in the retail price with discount at the rate as agreed in the Agreement and the Distributor must set the selling price as mutually agreed. If the Distributor wishes to amend the selling price, it must seek for approval from the Company.</li> <li>- The Distributor shall be responsible for transportation and insurance expenses, and it shall arrange the transportation to its territory by itself.</li> </ul>



- The payment for the products shall be paid in Thai Baht currency and in full amount within 60 days from the delivery date. After deducting expenses which the Distributor has paid in advance on behalf of the Company, the Distributor shall prepare summary of expenses for advertisement activities and sale promotion to the Company on the monthly basis.
- Any claim of damages, the Distributor shall not claim the damages exceeding than the agreed price and shall notify the Company within 30 days from the date that the damage appeared.

● *Cosmetic Manufacturing Agreement (Production Formula Non Disclosure Agreement)*

In general, the Company orders the products from the professional manufacturers that are specialized in producing products of the Company. The Company has entered into agreement with all manufacturers who have duty to control production formulas. The substance of the agreement is the manufacturer shall not disclose or reveal the production formula or ingredients of the product and production process to other person, including the manufacturer shall not produce such products for sale by themselves. This condition will comply with the manufacturer who is producing products for the Company or manufacturer who the services has terminated. The condition under this clause will be continue in full force and effect for the period of 1 3 years (each manufacturer has different effective period but in all cases are cover the period between 1 3 years) after the termination of the manufacturing agreement.

*Work that has not been delivered*

As the Company's business is not made to order business, therefore, no work has not been delivered to mention.





## Corporate Social Responsibility: CSR

Beauty Community Public Company limited was established in 2000 and registered in Stock Exchange of Thailand in December 2012 with total authorized capital of 300,000,000 Baht. It operates the business of retailing cosmetic and skin care products, the company had good turnover and grew continually and it was stick to business operations based on following approaches

### Corporate Philosophy

“ Creative Dynamic Sustainable ”

### Vision

“International Beauty & Health Business”

### Mission

1. Creating beauty products with good quality and modernity to respond needs of modern lifestyle
2. Providing access for products to target group by expanding distribution channels to cover every area of Thailand and expand to regional level
3. Developing organization’s competitiveness to support changes leading to sustainable growth
4. Operating business with principles of corporate governance by recognizing returns and impacts on shareholders, employees and the society.

### BEAUTY Core Values

<b>B</b> Beyond customer’s Expectation	Service beyond customer’s expectation
<b>E</b> Endless Creativity	Endless creativity
<b>A</b> Accountability	Responsible for works for themselves and others
<b>U</b> Undertake 100 % result	100% work guarantee focused on achievement
<b>T</b> Trustworthy Teamwork	Trustworthy and good teamwork
<b>Y</b> Young lifestyle	Young and trendy lifestyle

### Meanings of color of Company’s emblem





According to organization's philosophy, vision, mission, value and color meaning of the company's emblem, we could see that the Company realized roles, duties and responsibilities for shareholders, trade partners, employees, customers, community, society and environment. It's also determined to show corporate social responsibility by exercising corporate governance principles as the policy of company's management to be effective, transparent and auditable. In addition, the Company also implemented 8 principles of practices as guideline for business operation for sustainable development and growth as follows

1. Fair business operation
2. Anti corruption
3. Human right respect
4. Fair labor treatment
5. Consumer responsibility
6. Environmental maintenance
7. Community or social development
8. Innovation from business operation and its propagation

## ***1. Fair business operation***

The Company gives precedence to rights of all stakeholder groups and has a policy to treat each group as follows

- Shareholder : The Company is determined to operate business with full management knowledge and skill in every case with integrity and fairness to major shareholders and minor shareholders and for ultimate benefit of shareholders in general. It includes disclosing complete and true data regularly.
- Employee : The Company will provide fair returns to employees, maintain work environment to be safe for lives and properties, emphasize on developing potentials of employees thoroughly and regularly, strictly comply with rules, laws and regulations related to employees and avoid any unfair actions that may affect work stability of employees as well as treating employees politely, listening to opinions and suggestions of employees at every level equally.
- Customer : The Company is determined to bring satisfaction and confidence to customers, take care of them and be responsible for them. The customers will receive quality and safe products with good service and reasonable price meeting specified standard. It includes complying with terms and conditions along with agreements with customers and developing and upgrading product and service standard continually.
- Trade partner:  
and creditor : The Company will not take any corrupting actions in transactions with trade partners and creditors and will strictly comply with terms and conditions with creditors including objective of money use, reimbursement, collateral quality maintenance and others as agreed with creditors to achieve mutual benefit.
- Trading  
opponent : The Company will practice under rules of good competition without seeking confidential information of the opponents in dishonest and improper way and it will not defame the opponent by alleging it without facts.
- Society : The Company will not take any actions that prejudice society, natural resources and environment and it will seek for a chance to support creative activities in the society, to implant conscience about social responsibility among employees at every level continually and seriously. It includes executing and controlling strict compliance according to intention of laws and regulations issued by supervisory institute.

## ***2. Anti corruption***

The Company defines in code of conduct leading to honest and legal operation with right respect with each other and external and internal environmental maintenance. Emphasizing on virtue of operation will result in trustworthy operation and effective internal control leading to confidence about capital market and reliability for investors. Furthermore, the Company also determines it as a policy about conflict of interest covering 2 matters including (1) transaction: the company will consider suitability of every transaction cautiously and set the prices and conditions of transactions as if they are doing with third party (Arm's Length Basis). There will be audit committee to consider necessity and rationale of that transaction and (2) other circumstances that may cause conflict of interest. That is not claiming, accepting or paying any dishonest benefits from those who are related to business. In 2015, the Company showed its intention by participating in Collective Action Coalition of Thai private sector for anti corruption operations.



### 3. Human Right Respect

The Company focuses on and realizes human right respect and support equality in the society. The company will appoint welfare committee from direct election of employees to represent them in claiming and talking to executives about welfares and rights of the employees in many aspects.

Welfare committee in the establishment contains 5 committees with objectives to represent employees in consulting, monitoring, supervising and proposing opinions about welfares so that they are provided for employees. The committee has following duties

1. Discussing with employer to provide welfare for employees
2. Consulting and suggesting opinions for employer to provide welfares for the employees
3. Monitoring, controlling and supervising welfare provided for employer
4. Suggesting and proposing guidelines of providing welfares for employees to labor welfare commission.

### 4. Fair Labor Treatment

The Company defines in good corporate governance principle in section : roles of stakeholders that the company will provide fair remuneration to employees, maintain work environment to be safe to lives and properties, emphasize on developing potentials of employees thoroughly and regularly, strictly comply with rules, laws and regulations about employees and avoid any unfair actions that may affect work stability of employees as well as treating employees politely, and accepting opinions and suggestions from employees at every level equally and fairly.

The company pays monetary return to employees fairly by considering qualification, experience with wage adjustment every year. it also considers paying bonus from turnover of the company and other remunerations such as OT wage, allowance, commission, branch management allowance, and product maintenance cost etc. it also provide special prizes for employees based on their ability and performance regularly. In addition, the Company holds labor provisions as minimum requirement that every employee will receive to show human right respect and to be fair for them.

The company sets up provident fund named “Sin Sataporn Registered Provident Fund” administrated by BBL Asset management Co., Ltd. The Company and employees will pay contribution to the fund in month basis for 3 5% of salary. Such fund is aimed to build up morale for employees and to motivate them to work with the Company for long time.

The Company also has a policy to develop human resource continually with main objectives to develop and encourage human resource to have knowledge and understanding about duties that they should perform effectively. It's the way to develop personnel to have progress in career path and it is focused on strengthening the organization to be able to compete with other opponents with business advantages.

### 5. Consumer Responsibility

The Company operates the business of retailing cosmetics and skincare products to respond needs of consumers comprehensively and thoroughly. The Company is determined to bring highest satisfaction to customers, care about them and be responsible for them. The customers must receive products with good quality and safety along with good service at reasonable price meeting specified standard. It also complies with conditions and agreements made with customers strictly and develop and upgrade product and service standard continually.

- Cosmetic and skincare product (excluding beauty equipment) are permitted production by Thai Food and Drug Administration (FDA) in accordance with notice of Ministry of Public Health. It is categorized as 2 types including controlled cosmetic which requires registration request and display of number of registration certificate on the product's label of every list and specially controlled cosmetic which contains specially controlled ingredients. On the label, there must be number of registration certificate along with FDA number.
- Products contain instructions in detail for ultimate benefit of consumers
- Products are defined a policy of return or retrieval in case of problems to be guideline of practices. In other words, if the customer is not satisfied with the purchased product, he/she can return it within 14 days (Customer Satisfaction Guarantee Program starting from 2008). Previously, the value of product return was little accounted for 0.01% of total sales.
- It accepts opinions on products from sale representatives and customers through online channels such as Website, Web board, Call Center, Social Media regularly for product improvement.
- There are various channels to give product information to consumers such as Website, Web board, Call Center, Social Media.
- The Company gives precedence to quality of product manufacturer and seller so that the customers gain highest benefit. The company defines regulations of assessing manufacturers and sellers by prioritizing quality followed by price, punctuality of product delivery, service and credit term respectively.
- The Company does not have a policy to manufacture products by itself thus, it emphasizes on manufacturer selection. Products of the company shall be produced by many companies that specialize in different kinds of products in order to obtain highest quality products from proficient and standard manufacturers.



- The company focuses on customers and members that it arranges marketing activities and sale promotion event regularly such as.

- The program of point collection of Beauty Buffet and Beauty Cottage (started from March 2014) for member customers that they can use the collected points as a discount in next buying and to exchange with products they like.
- Special for Privilege Member only new members to use special discount before anybody
- Privilege for Member: Coordinate with other organizations to have Value Added for members who bear Beauty Buffet and Beauty Cottage member card to get product, discount and services in many places such as hotel, spa, restaurant, hospital, beauty center, entertainment venue etc. Besides, on shop sale representatives can take a look at purchase record of customers who are members immediately in order to stimulate sales from products list they regularly purchase or to suggest or invite members to test similar products to broaden experience with product use.
- Activity to forward beauty to customers on shop that members and target group can participate in on shop business and have experience with products to be bound with the brand and to test products to make it easy for purchasing.
- Present products to meet the needs or to solve problems of the customers promptly through Customer Service Tel. 02 946 0700 6 and on Facebook of each brand

## 6. Environmental Care

The Company pays attention to the working environment and therefore establishes the Occupational Safety, Health and Environment Committee, for driving the implementation of safety, occupational health and working environment, for preventing accidents and diseases from work. Resulting in reducing the danger Resulting in efficiency and effectiveness in working seriously and sustainably.

## 7. Collaborative Community and Social Contribution

The company is committed to developing the business for sustainable growth. In tandem to take care of the community, society and provide assistance to the society. In 2020, the company has social activities, namely Donate cosmetics to make up the corpse to Thammasat Chalermprakiat Hospital, Donate money to Chalermprakiat Breast Cancer Center Foundation and Save The World Together project to create premium products, by use cloth bags instead of plastic bags and help reduce global warming intelligence.





## 8. Innovation from Business Operation and Propagation

The company propagates knowledge about business operation for third parties such as knowledge about cosmetics, principle of make up by place and occasion through Website, Call Center, and Social Media regularly.





# Research

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

# & Development

## Research and Development

The Product Development Section and Purchase Department, together with the Marketing Section and Sales Operation Section are responsible for introducing new ideas in producing new products and exploring the market trends and market direction. They observed the opinion of sale persons and conducted the meeting to find the best knowledge, technology, innovation and active ingredients, in order to develop the products that meet the needs of the markets. The Product Development Section will gather sales information of each product, which representing the demand of the customer, and use the said information as the guidelines to decide whether which product should be developed further. After that, they observed the market trends, both domestically and internationally, to follow up the popularity of the products among the customers, including new popular active ingredient, which has been launched by the Company. The information were analyzed and used as a plan to develop new product, which can be summarized as follows:

- Increase the volume of the existing products: in which the existing products have high sale volume; this group of products will be continuously launched or may change the appearance to meet the need of the customers.
- Develop new products in accordance with the market trend, in order to meet the trend and keep customer attraction.
- Develop new products to replace the existing products; this is done when the sales volume started decrease and the products did not meet the market trend. The research team will develop the replacement products, which creates more opportunities to attract the customers.
- Design and develop new products that compliment and support company's new distribution channels.



# Assets Used in Business Operation

## Main Fixed Assets

The assets used by the Company in business as at December 31, 2020 consist of the following.

- *Property*

The company owns a plot of land, Title Deed No. 1699 in the area of 1 rai 1 ngan and 20 square wah, located at Nuanchan Sub-district, Bueng Kum District, Bangkok Metropolis. At present, such land is located at the head office of the Company at net book value as at December 31, 2020 and 2019 for 19.24 million Baht and free from obligation.

- *Leasehold Rights*

The leasehold rights of other areas where are located nearby the head office have the objective of rent for parking area and general office equipment storage as per the following details.

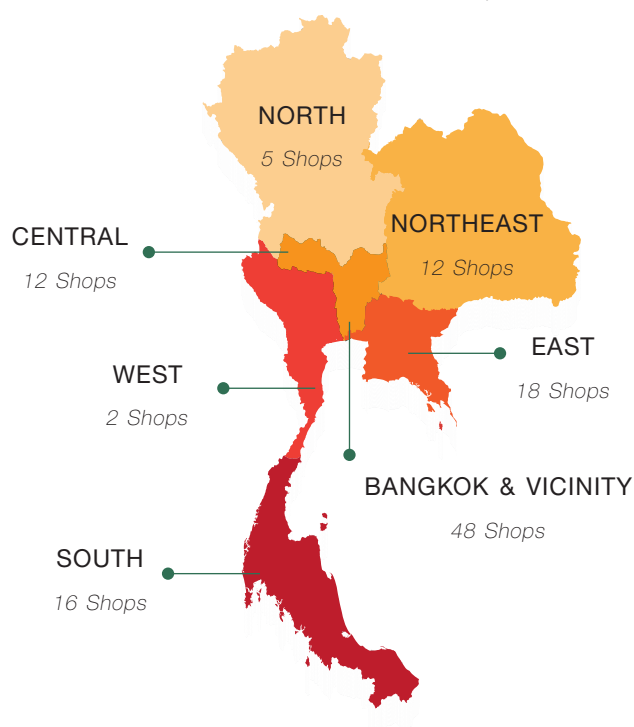
Rent Area	Location	Lessor	Duration	Start-End
Property	50/1 ,50/2 ,50/3 Nuan Chan 34 Alley, Nuan Chan Road, Nuan Chan Sub-district, Bueng Kum District, Bangkok Metropolis	Mrs. Tanyapon Kraibhubes	30 Years	1 January 2014-31 December 2043
Warehouse	289/1 Liap Khlong Lam Ko Phai Road, Lam Pla Thiew Sub- district, Lat Krabang District, Bangkok Metropolis	Virgin Transport Company Limited	2 Years	1 May 2020 – 30 April 2022





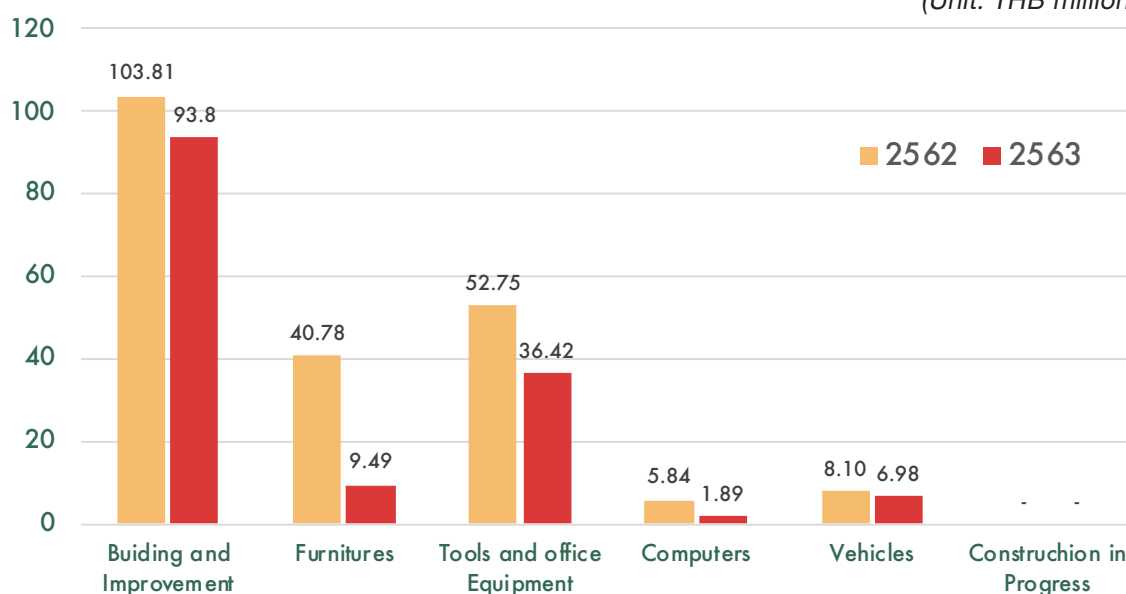
### ● Operating Lease Contract

The Company enters into short-term operating lease contract for 1-3 years to operate retail business by opening the Company's branches to reduce burden of investment in purchase of asset and for flexibility in expansion and change in retail shop areas. As at December 31, 2020, the Company has entered into short term area lease contracts with the non related parties as follows.



### ● Other Fixed Assets

(Unit: THB million)



Other fixed assets in graph are owned by the Company and free from any obligation.

### ● Intangible Assets

The Company has invested in Dynamic AX, Point of Sales (POS) and invested in development of new computer system such as Microsoft Dynamic AX 2012 for good internal management and they can be commenced for application within this 2018. Cost price of total intangible assets has been 42.48 million Baht and net book value as at December 31, 2020 and 2019 were 22.74 and 26.14 million Baht, respectively



## Trademark

Beauty Community registered trademarks with the Department of Intellectual Property – Ministry of Commerce for trademarks of the company as well as all of the products to prevent any possible infringements with ten (10) year protection period. Trademarks are under the following eight (8) brands: Beauty Buffet, Beauty Cottage, Made in Nature, Gino Mccray, Scentio, Lansley and the Bakery. It has been registered all completed.

Aside from the trademarks that the company applied to the current brands, the company also owns additional registered trademarks equivalent to 75 trademarks. Among the 75 trademarks include both old and discontinued brands and future brands. More importantly, the company appointed representatives to register company and brands trademarks in foreign countries. Primary brands are Beauty Buffet, Beauty Cottage, Made in Nature, Gino Mccray, Scentio, Lansley and The Bakery in these following countries: Vietnam, Cambodia, Laos, Myanmar, People's Republic of China, Indonesia,

Malaysia, Hong Kong, Singapore, Taiwan, Korea, Norway, United Arab Emirates, Oman, Bahrein, Kuwait, Philippines, India, Japan, Russia and Brunei. All 7 brands have been successfully registered.

The company is also aiming to register additional trademarks beyond the current selling brands in these countries. Aside from all of the above trademarks, the company owns additional, miscellaneous 71 trademarks – including obsolete and future brands.

The company has registered with the Department of Intellectual Property – to be the sole creator of our products upon utilizing original intellect, capabilities, and endeavor without intentionally imitating other existing products. However, the created products must align within legal protection, and creators are granted automatic coverage as soon as products are created without requisition of registration. Ten (10) pieces are protected domestically, and two (2) pieces internationally while 26 pieces are under the discretion.



## Investment in subsidiaries and/or affiliated companies

Company has investment policy in subsidiaries or associated companies in the purpose to support the company's business which increasing productivity or advantage business (Synergy) to the company by supporting core company's business to more comprehensive. As that purpose, the investment into subsidiaries or affiliated companies is under control and inspection of the Audit Committee. Accordance in corporation of subsidiaries and affiliated companies will commit to company's director or electing managements who have appropriated qualification and experience to corporate to business, also to conduct the important company's policy and controlling business operation both of subsidiaries and affiliated companies. As of December 31, 2020, the company has no investment in subsidiaries and / or affiliated companies.





## Future Projects

In order to meet the business goal, which focuses on creation of innovative concepts along with the development of new products, including the increasing of distribution channel, the Company has been conducting the following projects during the past 13 years:

### *(1) The development of products based on new concepts*

The Company has conducted the project to develop the new products based on new concepts that are related to beauty, health and lifestyles, which are the main expertise of the Company. This project is done to serve the needs of the consumers and distribute the products to different target group of customer.

### *(2) Increasing of product distribution channel*

- The Company plans developing own the E Commerce channel in order of facilitate those customers who are not in the range of Beauty's Stores. Moreover we have also expanded the modern trade, convenience store channels and traditional trade so that the products can approach to customers more.

- The Company plans expanding into international markets by focus on joint marketing, increasing product SKUs and increasing points of Sale, primarily in forms of Product Distributor, Product License, Shop License, Shop in Shop, or Counter Sales. Targeting countries in Asia such as Mainland China, plans learning to build a business base in China, to increase the efficiency of the market expansion, facilitate new product development and market management in China from General Trade such as convenience stores, modern trade, online channels will consistently distributed via Cross Border E Commerce (CBEC).

The investment aiming to improve the operation system for business expansion rapidly and continuously, in 2020, there are investments to improve information technology system, point of sales system (POS), enterprise resource planning system (ERP), and warehouse management system (WMS).

## Legal Disputes

To the present, December 31, 2020, the Company has no legal dispute and any other dispute that may cause the damage and impact to more than 5 percent of the shareholder's equity and to business operations, significantly.





## Capital Structure

### Company's Securities

As at December 31, 2020 the registered capital of the Company was 302,261,000.00 Baht, with 3,022,610,000 ordinary shares par value of 0.10 Baht per share. The issued and paid up ordinary shares are 300,686,853.50 Baht, with 3,006,868,535 ordinary shares par value of 0.10 Baht per share.

#### • Shareholders

List of 10 major shareholders, at July 16, 2020, are as follows:

List of Shareholders	At July 16, 2020	
	Number of Shares	Percentage
1. Mr. Suwin Kraibhubes Group consists of:		
Mrs. Tanyapon Kraibhubes	352,336,000	11.72
Mr. Suwin Kraibhubes	285,736,000	9.50
Miss Monsoothatip Malaukcaranun	10,000,000	0.33
Mrs. Thurian Sriyong	13,400	0.00
Total of Mr. Suwin Kraibhubes Group	648,085,400	21.55
2. Thai NVDR CO., LTD.	109,441,599	3.64
3. Mr. PORNPONG PHORNPRAPA	84,388,000	2.81
4. STATE STREET EUROPE LIMITED	56,126,406	1.87
5. Mr. SONGKRAN CHUNHAWATTANA	49,654,200	1.65
6. MR. NAKORN HARNKRIVILAI	33,950,000	1.13
7. SIAM MOTORS PARTS COMPANY LIMITED	25,800,000	0.86
8. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITEDEAST	22,005,534	0.73
9. SIAM INTERNATIONAL CORPORATION COMPANY LIMITED	15,100,000	0.50
10. MR. NURAK MAHATANA-ARNONT	14,050,600	0.47

Source : Thailand Securities Deposit Company Limited at July 16, 2020

#### • Dividend Payment Policy

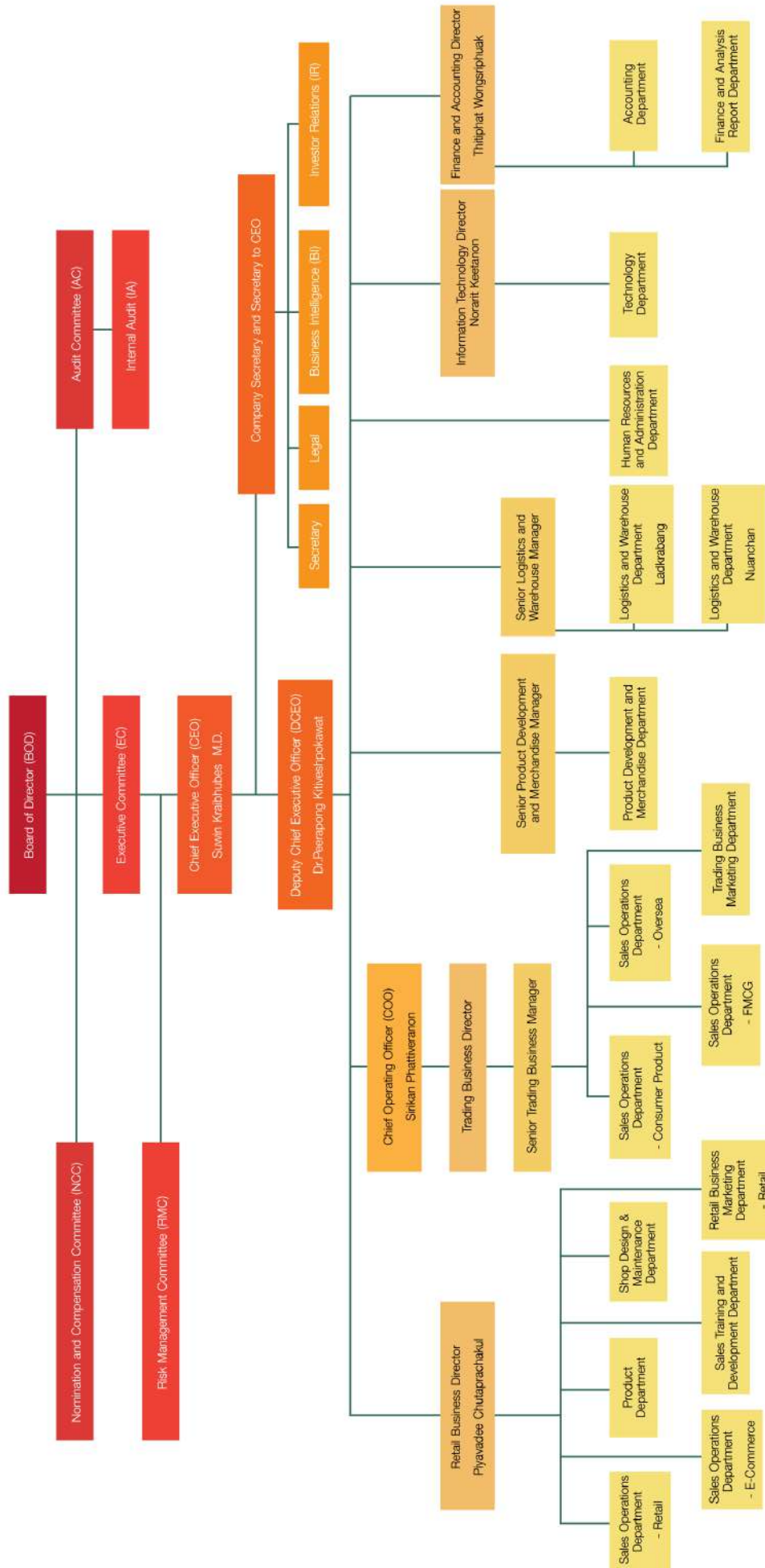
The Company's dividend payment is made to the shareholder with not less than 50 percent of the profit, after deducting the income tax payment. The dividend payment is based on Company's operational performance, Company's financial position, Company's liquidity, business expansion, and other factors that relate to the administration of the Company. However, the Company may pay the dividend less than the percentage mentioned above, if the profit is needed to be used for expanding the business.





## BEAUTY COMMUNITY PUBLIC COMPANY LIMITED Organization Chart

Effective 1 January 2020





## Management Structure

As of 31 December 2020, The management structure has constituted 5 sets of boards/committees including Board of Directors, Executive Board, Audit Committee, Nomination and Remuneration Committee, and Risk Management Committee as per below details.

### 1. Board of Directors

The Board of Directors of the Company constitutes 7 directors as follows.

1. Assoc. Prof. Dr. Vichit	U-on	Independent Director, Chairman of Audit Committee and Acting as Chairman of the Board
2. Col.Attapon	Srisangwarn	Independent Director and Audit Committee
3. Mr. Viboon	Pojanalai	Independent Director and Audit Committee
4. Dr. Suwin	Kraibhubes	Director
5. Mrs. Tanyapon	Kraibhubes	Director
6. Ms. Monsoothatip	Malaukcaranun	Director
7. Dr. Peerapong	Kitiveshpokawat	Director

Mrs. Daranee Pathetang has acted as Company Secretary.

The authorized directors acting and binding on behalf of the Company are “Mrs. Tanyapon Kraibhubes and Mr. Suwin Kraibhubes co sign with affixation of the Company’s seal; or Mrs. Tanyapon Kraibhubes or Mr. Suwin Kraibhubes mutually co sign with Ms. Monsoothatip Malaukcaranun or Dr. Peerapong Kitiveshpokawat, two persons in total with affixation of the Company’s seal; or in any document submission to Revenue Department, Ministry of Labour and Social Welfare, Immigration Bureau, Customs Department, Department of Lands, and Office of Area Land, the submission of request for entry in the immovable property right register and legal act to Department of Land or Office of Area Land, and the request submission for registration, financial statements and list of shareholders to Department of Business Development, Ministry of Commerce, Mrs. Tanyapon Kraibhubes or Mr. Suwin Kraibhubes or Ms. Monsoothatip Malaukcaranun or Dr. Peerapong Kitiveshpokawat, two of four persons co sign with affixation of the Company’s seal.”

### ● Term for Holding the Post of Director

In every Annual General Meeting, the directors must be retired for at least one third by ratio. If the number of the directors left the post cannot be equally divided into exact three parts, that number of directors retired will be the nearest figure of one third. The directors required for retirement in the first year and the second year after the Company registration, the casting shall be conducted for which directors will be retired. In next following year, the director holding the post for longest time shall be the retired director and that director left the post may be re elected to assume the position again.

### ● Scope of Duties and Responsibilities of Board of Directors

The Board of Directors has authority and responsibility with honesty and care to protect Company’s interest in Company management according to law, objective, and articles of associations as well as legal resolution of the shareholders’ meeting. The scope of duties and responsibilities of Board of Directors shall be summarized as follows.

1. Legally supervise and manage the Company according to law, objective and articles of association as well as legal resolution of the Shareholders’ Meeting.
2. Hold the Shareholders’ Meeting to be Annual General Meeting of Shareholders within 4 months from the ending date of the Company’s accounting period.
3. Hold the Board of Directors’ Meeting at least once within 3 months.
4. Prepare Statement of Financial Position, Statement of Comprehensive Income as of the ending date of accounting period. They should be approved by the auditor and proposed to the Shareholders’ Meeting for consideration and approval.
5. The Board of Directors may authorize a director or several directors or other persons to perform whatsoever on behalf of the Board of Directors under the Board of Directors’ control; or may authorize power to such person as the Board of Directors deems appropriate within the period of time as the Board of Directors deems appropriate. The Board of Directors may cancel, annul, change or alter the authorized person or that power when viewing as proper.

In addition, the Board of Directors may authorize the Executive Board to have the authority in actions with details of authorization according to the scope of authority of the Executive Board for the purpose that such authorization should not be in the way that the Executive Board or the attorney can consider and approve the transaction that the Executive Board or the attorney is the person who is concerned or has interest or other conflict of interests with the Company or its subsidiary, unless it is the approval of the transaction according to policy and criteria already considered and approved by the Board and also as required by law.



6. Determine target, guideline, policy, program and budget of the Company; control and govern the administration and management of the Executive Board in accordance with the assigned policy unless in the following matters, the Board of Directors must gain the approval resolution from the Shareholders' Meeting before any actions including the matter required by law for approval resolution from the Shareholders' Meeting such as increase in stock capital, decrease in stock capital, debenture issuance, selling or transfer of the entire or some important parts of business to other persons or buying or accepting of business transfers of other Company to belong to the Company, and amendment of Memorandum of Association or Articles of Association, etc.  
Moreover, the scope of duties of the Board also includes the governance of the Company according to the Securities and Exchange Law, the regulations of the Stock Exchange such as connected transaction execution, and buying or selling the important assets pursuant to the rule of the Stock Exchange of Thailand or laws relevant to the Company's business.
7. Consider management structure, appoint Executive Board, Chief Executive Officer and other Committees as appropriate.
8. Continuously follow the operating performance according to the program and budget.
9. The directors must not engage in the same nature of business being competitive with the Company's business or involved as the partner in ordinary partnership or the general partner in limited partnership or the director of private Company or other companies engaged in the same nature of business being competitive to the Company's businesses either for self interest or for other people's interests unless notified to the Shareholders' Meeting for acknowledgement before any appointment resolutions.
10. The director shall notify the Company for acknowledgement without delay if any direct or indirect interests are available in the contract made by the Company or on increase or decrease in holding of shares or other securities in the Company or associate Company.

## 2. Audit Committee

The Audit Committee of the Company constitutes 3 persons as follows.

- |                           |             |                                                      |
|---------------------------|-------------|------------------------------------------------------|
| 1. Assoc. Prof. Dr.Vichit | U-on        | Independent Director and Chairman of Audit Committee |
| 2. Col. Attapon           | Srisangwarn | Independent Director and Member of Audit Committee   |
| 3. Mr. Viboon             | Pojanalai   | Independent Director and Member of Audit Committee   |

Who is adequately intellectual and experienced to perform the review of reliability of financial statements. Ms. Yanisa Mekprayoon has acted as the Secretary of Audit Committee

### ● Term for Holding the Post of Audit Committee

The member of Audit Committee shall have the term for holding of the post for 3 years in each time unless the case of retirement by rotation according to the Article of Associations that the re election for holding the post again can be done.

### ● Scope of Duties and Responsibilities of Audit Committee

The scope of duties and responsibilities of Audit Committee is summarized as follows.

1. Review the accuracy and adequacy of the Company's financial statements;
2. Review the appropriateness and efficiency of internal control and internal audit system; and consider the independence of internal audit unit as well as confirm the consideration on appointment, removal and dismissal of Chief of Internal Audit or other units responsible for internal audit.
3. Review the Company's compliance with Securities and Exchange Law, the Stock Exchange's regulation or any laws relevant to Company's business.
4. Consider, select and nominate for appointment of independent person to act as the Company's business auditor and propose the remuneration of such person as well as attend the meeting with auditor without the meeting attendance of the management for at least once a year.
5. Consider connected transaction or transaction that may have conflict of interest in accordance with law and regulation of the Stock Exchange so as to assure that such transaction is reasonable and extremely beneficial to the Company.
6. Prepare Audit Committee's report for disclosure in the Company's Annual Report. Such report must be signed by the Chairman of Audit Committee and must at least comprise of following data.
  - 6.1 Opinion on accuracy, completeness and reliability of the Company's financial reports.
  - 6.2 Opinion on adequacy of the Company's internal control system.
  - 6.3 Opinion on compliance with the Securities and Exchange Law.
  - 6.4 Requirement of Stock Exchange of Thailand or laws relevant to the Company's business.
  - 6.5 Opinion on appropriateness of the auditor.
  - 6.6 Opinion on transaction that may have conflict of interest.
  - 6.7 Number of meetings of Audit Committee and meeting attendance of each member of Audit Committee.
  - 6.8 Overall opinion or observation acquired from function according to the charter.
  - 6.9 Other transactions deemed to be recognized by shareholders and general investors under scope of duties and responsibilities gained from the Board of Directors.
  - 6.10 Perform any actions according to the assignment of the Board of Directors with consent from Audit Committee.



### 3. Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee has constituted 3 persons as follows.

1. Assoc. Prof. Dr.Vichit	U-on	Chairman of Nomination and Remuneration Committee
2. Mr. Viboon	Pojanalai	Member of Nomination and Remuneration Committee
3. Dr. Suwin	Kraibhubes	Member of Nomination and Remuneration Committee

#### ● Scope of Duties and Responsibilities of Nomination and Remuneration Committee

1. Advise the Board of Directors relating to remuneration rates of the Chairman of the Board, the Company's director, the Chairman of Audit Committee, the member of Audit Committee and Subcommittees (if any) (by request for consent from the Shareholder's Meeting later).
2. Proceed the recruitment and nominate the list of proper and qualified person for induction as the director for the first time; and consider the achievement, qualification and aptitude of the director retired by rotation who should be re elected and then nominate to the Board of Directors for consideration on approval, and propose to the Shareholders' Meeting for appointment as the Company's director henceforth.
3. Consider and advise the Board of Directors, and monitor and supervise the operation relating to the Company's human resource vision and strategy as well as Company's executive development program.
4. Evaluate the Company's operating performance in order to determine bonus granting and annual pay rise of the entire Company using proper industrial standard criteria to support the consideration.
5. Suggest the Company's salary structure including other benefits and rewards.

### 4. Risk Management Committee

The Risk Management Committee of the Company constitutes 7 persons as follows

1. Col.Attapon	Srisangwarn	Chairman of Risk Management Committee
2. Mr. Viboon	Pojanalai	Risk Management Committee
3. Dr. Suwin	Kraibhubes	Risk Management Committee
4. Dr. Peerapong	Kitiveshpokawat	Risk Management Committee
5. Ms. Sirikan	Phattiveranon	Risk Management Committee
6. Mr. Norarit	Keetanon	Risk Management Committee
7. Mr. Thitiphat	Wongsriphuak	Risk Management Committee

#### ● Term for Holding the Post of the Risk Management Committee

1. The term of Risk Management Committee shall be 3 years per term.
2. The risk management committee member who retires by rotation may be appointed from the Board of Directors to resume the post of the risk management committee member again.
3. In case of the vacancy of the post of risk management committee member due to other reason apart from retirement by rotation, the Board of Directors shall appoint the complete qualified person to be risk management committee for complete number members of the Risk Management Committee as prescribed in this regulation. The person who is entered to be the risk management committee member shall be in the office for just remaining term of the risk management committee replaced by him/her.
4. The risk management committee member who intends to resign his/her post before expiration of term shall notify and submit resignation letter to the Chairman of the Board at least 30 days in advance.
5. The risk management committee member shall retire from the post upon:
  - Expiration of term
  - Death
  - Resignation
  - Resolution of the Board of Directors to retire from the post
  - Being punished for imprisonment according to final judgment or lawful order for imprisonment unless in the offence committed by negligence or minor offence
  - Being a incapacitated person or person under disability
  - Being a bankrupt



## ● *Scope of Powers, Duties and Responsibilities of the Risk Management Committee*

1. Determine, review, and give consent on risk management policy, master plan of risk management, as well as facilitate and manage to systemize risk management system of the Company, and consider and review risk management plan to be effectively in line, consistent and proper for situation.
2. Assess, monitor and control risk level of the Company to be in proper level.
3. Govern, supervise, as well as monitor all internal work units to continuously comply with the risk management policy.
4. Consider and approve operating budgets and expenses for risk management as well as supervise the adequacy of resources utilized in risk management.
5. Monitor and report risk status of the Company to the Board of Directors and the Audit Committee.
6. Appoint the working group as deemed appropriate.
7. Perform any other acts related to risk management as entrusted by the Board of Directors.

## 5. *Executive Board*

The Company's Executive Board constitutes 4 persons as follows.

1. Dr. Suwin	Kraibhubes	Chief Executive Officer
2. Dr. Peerapong	Kitiveshpokawat	Deputy Chief Executive Officer
3. Ms. Sirikan	Phattiveranon	Chief Operation Officer
4. Mr. Norarit	Keetanon	Director of Information Technology

## ● *Scope, Duty and Responsibility of Executive Board*

The Executive Board has authority, duty and responsibility for management in regards to the operation in Company's usual tasks and administrative works; determine policy, business plan, budget, organization chart and Company's administrative power and rule of business operation conforming to economic situations in order to propose to the Board of Directors' Meeting to consider and approve and/or consent as well as check and monitor the Company's operating performance according to the determined policy. The followings are the summary of the important authority, duties and responsibilities.

1. Run the business and manage the Company's affairs according to objective, regulation, policy, rule, requirement, instruction, and resolution of the Board of Director's Meeting and/or resolution of the Company Shareholders' Meeting in all aspects.
2. Consider to determine policy, direction and strategy for Company's business operation; determine financial plan and budget, human resource management, investment, work expansion, publication according to the framework considered for approval by the Board of Directors; and control and govern the operation of the appointed working group to attain on target.
3. Consider annual budget allocation as proposed by the management before proposing to the Board of Directors for consideration and approval, as well as consider and approve any change and addition in annual expenditure budget during no meeting held by the Board of Directors, and propose the Board of Directors for approval or ratification in next meeting.
4. Stipulate organizational structure, organizational administrative power including appointment, employment, removal, determination of pay, remuneration and bonus of executive level officer, and dismissal.
5. Empower the authorization power to a director or several directors or other persons to perform any actions subject to the control of the Executive Board; or may authorize such person the power as the Executive Board deems appropriate and within the period of time the Executive Board deems proper. The Executive Board may cancel, annul, change or alter the attorney or that power as deemed proper. The authorization should not be granted to any persons who may have conflict of interests in operation.
6. Authorize for financial operation approval in accordance with the Delegation Of authority ( DOA ) approved by the Board of Directors.

The Executive Board shall not consider and approve the transaction with interest of the Executive Board or other conflict of interests with the Company or its subsidiary unless it is the approval of transaction according to the policy and criteria the Executive Board or the Shareholders' Meeting has ever considered and approved and as required by law. The Board of Directors may cancel, annul, change or alter the power of the Executive Board with the resolution of the Executive Board.

## 6. *Executives*

The Company's executives have constituted 4 persons as follows.

1. Dr. Suwin	Kraibhubes	Chief Executive Officer
2. Dr. Peerapong	Kitiveshpokawat	Deputy Chief Executive Officer
3. Ms. Sirikan	Phattiveranon	Chief Operation Officer
4. Mr. Norarit	Keetanon	Director of Information Technology



## ● *Scope of Duties and Responsibilities of Executives*

1. Have operating power as the executive, and control and supervise the usual Company's business operation.
2. Have operating power as assigned by the Board of Directors and/or Executive Board as well as have power to assign other persons deemed proper by the Chief Executive Officer to representatively manage. Anyhow, the sub authorization should not be granted to other persons who may have conflict of interests in operation.
3. Have power to issue the instruction, rule, announcement and memo for operation according to the Company's policy and benefit and for maintaining the working discipline within the organization.
4. Have power to act on behalf and represent thyself as the representative of the Company to outsider in the business relevant to the Company and beneficial to the Company.
5. Consider and scrutinize the investments for proposal to Board of Directors and/or Executive Board.
6. Consider to appoint the consultants who are necessary for Company's business operation for proposal to Board of Directors and/or Executive Board.
7. Have the power to approve financial operations in accordance with the Delegation Of authority ( DOA ) approved by the Board of Directors.
8. Perform other duties as occasionally assigned from the Board of Directors and/or Executive Board.

The Chief Executive Officer shall not consider and approve the transaction with interest of the Chief Executive Officer or other conflict of interests with the Company or its subsidiary unless it is the transaction according to policy and criteria which has ever been considered and approved by the Board of Directors or the Shareholders' Meeting and as required by law. The Board of Directors may cancel, annul, change or alter the power of the Chief Executive Officer with the resolution of the Executive Board.

## 7. *Company Secretary*

In Board of Directors' Meeting No. 4/2012 on 13th July, 2012, the Board of Directors resolved to appoint Mrs. Daranee Pathetang to take a position of Company Secretary according to Section 89/15 of the Securities and Exchange Act B.E. 2535 (A.D. 1992) amended by the Securities and Exchange Act (Issue No. 4) B.E. 2551 (A.D. 2008) with following duties and responsibilities of Company Secretary.

1. Supervise and advise the Company's directors and executives about the compliance with laws, regulations, rules and articles of associations as well as rules of the Stock of Exchange of Thailand and the Office of the Securities and Exchange Commission; and monitor and supervise correct and regular practices.
2. Supervise the disclosure of information and information report according to rule and regulation of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
3. Prepare and keep the following documents.
  - 3.1 Director Register
  - 3.2 Appointment Notice of Board of Directors' Meeting and Meeting Minutes of Board of Directors' Meeting
  - 3.3 Appointment Notice of Shareholders' Meeting and Meeting Minutes of Shareholders' Meeting
  - 3.4 Company Annual Report
  - 3.5 Report on Interests of Directors and Executives
  - 3.6 Perform any other actions according to the rules statutory in Securities and Exchange Law.



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## Nomination of Directors and Executives

### *1. Criteria for Selection and Appointment of Boards and Executives*

The Nomination and Remuneration Committee will perform to select the persons appointed as Company's director or Company's executive and propose to the Board of Directors. The person with skill and experience essential for Company's business operation will be emphasized in consideration. The consideration criteria shall be summarized as follows.

1. Possess the qualification corresponding to Public Limited Company Act, Securities and Exchange Act, rule of Stock of Exchange of Thailand and Office of Securities and Exchange Commission including the principle of good corporate governance of the Company.
2. Possess knowledge, competence and experience in different professional fields proper for the lines that will be useful and create value addition to the Company.
3. Possess the characteristic supporting and promoting the corporate governance operation in order to build value to the Company; perform duty with accountability, care and loyalty; and enable to fully dedicate time.

The selection and appointment of the Company's director will follow the criteria specified above. In addition, the directors for not less than half of total number of directors must have the residences in the Kingdom. The Shareholder's Meeting will be the appointer of the directors using majority vote according to following criteria and method.

1. A shareholder has the vote equal to 1 share per 1 vote according to the number of his holding shares.
2. In election of Company's directors, the voting method may be used to vote the nominated person one by one or several persons in one time, depending on what will be viewed as proper by the Shareholders' Meeting. However, every shareholder shall exercise their rights according to total existing votes in Item 1 in voting or resolving but more or less votes must not be shared to other people anymore.
3. The voting for director election should be in accordance with the majority vote. If there are equal votes, the Chairman of the Meeting shall have one vote added as the casting vote.

In every Annual General Meeting, the directors must be retired for at least one third by ratio. If the number of the directors left the post cannot be equally divided into exact three parts, that number of directors retired will be the nearest figure of one third. The directors required for retirement in the first year and the second year after the Company registration, the casting shall be conducted for which directors will be retired. In next following year, the director holding the post for longest time shall be the retired director and that director left the post may be re elected to assume the position again.

### *2. Criteria for Selection and Appointment of Independent Director*

The Nomination and Remuneration Committee will primarily consider the qualifications of the person who will hold the post of independent director and then propose to the Board of Directors by considering from the qualifications according to Public Limited Company Act, Securities and Exchange Law, Notification of the Securities and Exchange Commission, Notification of Capital Market Supervisory Board including other relevant notifications, regulations and/or other rules in ac Companying with the consideration on other qualifications such as working experience and wisdom, and then propose to the Shareholders' Meeting for consideration on appointment of such person to be the Company's director. At least one third of total number of directors and not less than 3 persons shall be appointed according to the Company's independent committee appointment policy.

#### ● *Qualification of Independent Director*

1. Hold the shares not exceeding 1% of total number of voting stocks of the Company, holding Company, its subsidiary, corporation, major shareholders, and Company's regulator by counting in the shareholdings of the people concerned as well.
2. Not be or ever be the director involved in the employee management; consultant officer who gained regular salary; the regulator of the Company, its subsidiary, holding Company, same level of subsidiary; the major shareholder or Company's regulator unless free from aforesaid characteristic for at least 2 years ago before holding the post. Such prohibited characteristic shall exclude the case that the independent director used to be the government officer or consultant of the government office and has been the major shareholders or the Company's regulator.
3. Not be the person with consanguinity or legal registration in type of parents, spouse, relatives, and children as well as spouse of the children of major shareholder, regulator or person who is going to be nominated as the executive or the regulator of the Company or its subsidiary.
4. Not be or ever have business relationship with the Company, holding Company, subsidiary, corporation, major shareholder or Company's regulator in type that may hinder the use of his own independent discretion; never be or ever be the tacit shareholder or the regulator of the person who has the relationship with the business of the Company, holding Company, subsidiary, corporation, major shareholders, or Company's regulator unless free from such characteristics for at least less than 2 years before holding the post.

Anyhow, the above business relationships include commercial transaction normally performed for business engagement, rent or letting of immovable property, service or asset related item, or offering or obtaining the financial aid by receipt or lending, guarantee, giving asset for debt collateral including other similar actions, affecting the debt existent and obliged by the Company or the party and payable to the other party from 3 percent of net tangible assets of the Company or from 20 million Baht



and over depending upon which amount will be lower. Such debt shall be calculated according to the calculation method for value of connected transaction according to the notification of Capital Market Supervisory Committee on the criteria of connected transaction execution with deference. However in considering such debts, total debts occurred during one year before the date of having business relationship with the same person should be counted in.

5. Not be or ever be the auditor of the Company, holding Company, its subsidiary and corporation; the major shareholders or Company's regulator; and never be the tacit shareholder, regulator or partner of auditing office that the auditors of the Company, holding Company, its subsidiary, corporation, major shareholders or Company's regulator are the members, unless free from such characteristics for not less than 2 years before assuming the position.
6. Not be or ever be any professional service provider including the service provision as legal consultant or financial consultant with receipt of service fee for over than 2 million Baht per year from the Company, holding Company, its subsidiary and corporation; the major shareholder or Company's regulator; and never be the tacit shareholder, regulator or partner of that professional service provider unless free from such characteristics for not less than 2 years before assuming the position.
7. Not be the director getting appointed as the representative of the director of the major shareholder's Company or the shareholder who is the person related to the major shareholder such as agreement made in Shareholders Agreement on director appointment to be the representative and oversee the benefit of any groups of shareholders.
8. Not engage in the business with the same nature and tacitly competitive with the business of the Company, its subsidiary; or not be the tacit partner in partnership or the director who is involved in management, customer, employee and consultant with regular salary receipt; or hold the shares exceeding 1 percent of total number of voting stocks of other Company which engages in the same nature of business and is tacitly competitive to the business of the Company or its subsidiary.
9. Does not possess any other characteristics incapable for independent opinion expression on Company operation. Generally, the independent opinion expression means opinion expression or reporting according to the assigned mission irrespective of any interests relating to properties or positions and not fall under the influence of the individual or any group of individuals as well as not be under any situations that may coerce for inability to straightforwardly express the opinion.

### ***3. Criteria for Selection and Appointment of Audit Committee***

The Nomination and Remuneration Committee will consider appointing the Audit Committee that consists of at least 3 Auditors and then propose to the Board of Directors. The Auditors will be selected from the Company Independent Directors. The Independent Directors who are Auditors must have the additional qualifications as follows;

1. Is not the Director who is authorized by the Board of Directors to make decision in business operation of the Company, its parent Company, subsidiaries, associates, same level subsidiaries, major shareholders, or controlling parties.
2. Is not the Director of the parent Company, subsidiaries, associates, same level subsidiaries that is the listed Company.
3. Has enough knowledge and experience to responsible for assigned mission as an auditor. The Auditor must dedicate himself/herself sufficiently in working for the Audit Committee's responsibilities.
4. The Auditor should not be a director in more than 5 listed companies because it may cause him/her unable to make full effort in working for each Company, except in the case that such auditor is a key person in providing the Company's guidelines and can make suitable time allocation.
5. At least one of Auditors must have enough knowledge or experience in accounting or financial to responsible for reviewing financial statement's reliability.

### ***4. Criteria for Selection and Appointment of the Risk Management Committee***

The Board of Directors shall appoint the Risk Management Committee to formulate risk management policy for companywide extension, and govern to have system or process of risk management for appropriate abatement of business impact of the Company. The elements and scope of powers, duties and responsibilities are determined so that the Risk Management Committee can efficiently function as entrusted by the Board of Directors under the summary of the consideration criteria as follows.

1. The Risk Management Committee consists of the committee member who is appointed from the Board of Directors and consists of at least 2 committee members.
2. The Board of Directors shall select the Chairman of the Risk Management Committee.
3. The Chairman of the Risk Management Committee shall be an independent director.
4. Have knowledge, expert and understanding related to business risk.
5. Able to devote sufficient time in function and comment in working on behalf of the Risk Management Committee.
6. Have knowledge, expert and understanding related to business risks.
7. Able to devote sufficient time in function and comments in working on behalf of the Risk Management Committee.



## Directors and Management Remuneration

### • Total remuneration of Directors

The Board of Directors, Audit Committee, and Nomination and Remuneration Committee will receive remuneration in term of meeting fees. The Company shall start paying meeting fees when the Audit Committee is nominated pursuant to the resolution of 2020 Shareholders' Meeting dated August 27, 2020. The details of meeting fees payable for Directors and Audit Committee are as follows;

Position	Meeting fees (Baht/time)
<u>Board of Directors' Meeting</u>	
Chairman of the Board of Directors	19,325
Director	14,494
<u>Audit Committee's Meeting</u>	
Chairman of the Audit Committee	19,325
Auditor	14,494
<u>Nomination and Remuneration Committee's Meeting</u>	
Chairman of the Nomination and Remuneration Committee of the Nomination and Remuneration	19,325
	14,494
<u>Risk Management Committee's Meeting</u>	
Chairman of the Risk Management Committee	19,325
Committee of the Risk Management Committee	14,494

In addition, the Directors who are management will not receive meeting fees because they already receive the management remuneration. Currently, the Directors who do not receive meeting fees are (1) Dr. Suwin Kraibhubes; (2) Dr. Peerapong Kitiveshpokawat . Thus, there are only 5 Directors who receive meeting fees.

Summary of remuneration payment to the Board of Directors in 2020 (until December 31, 2020) are shown in the below table.

Name- Surname	Meeting Attendance (times)*	Total remunerations (Baht)
Lt.Gen. Padet Charuchinda	2/6	55,241
Assoc. Prof.Dr.Vichit U-on	6/6	155,979
Mr. Viboon Pojanalai	6/6	132,513
Col. Attapon Srisangwarn	6/6	132,513
Mrs. Tanyapon Kraibhubes	5/6	118,019
Ms. Monsoothatip Malaukcaranun	6/6	132,513

\* Lt.Gen. Padet Charuchinda, Independent Director and Chairman of the Board of Directors passed away on May 13, 2020 and appointed Assoc. Prof.Dr. Vichit U on, Independent Director and Chairman of the Audit Committee acting as Chairman of the Board of Directors. This will be effective from May 14, 2020 until the Board of Directors appoints a qualified person, in order to continue as the new Chairman of the Board of Directors.

Summary of remuneration payment to the Audit Committee in 2019 and 2020 (until December 31, 2020) are shown in the below table.

Name- Surname	2019		2020	
	Meeting Attendance (times)	Total remunerations (Baht)	Meeting Attendance (times)	Total remunerations (Baht)
Assoc.Prof.Dr. Vichit U-on	5/5	136,427	4/4	121,471
Mr. Viboon Pojanalai	5/5	102,319	4/4	91,103
Col Attapon Srisangwarn	5/5	102,319	4/4	91,103



Company paid remuneration for Nomination and Remuneration Committee and the remuneration for 2019 and 2020 (until 31 December 2020) can be summarized in below table.

Name- Surname	2019		2020	
	Meeting Attendance (times)	Total remunerations (Baht)	Meeting Attendance (times)	Total remunerations (Baht)
Assoc.Prof.Dr. Vichit U-on	2/2	53,606	2/2	55,214
Mr. Viboon Pojanalai	2/2	40,204	2/2	41,410

### ● Management Remuneration

The Company paid management remuneration in term of salary, bonus, contribution of provident fund and etc. for 2019 and 2020 (until December 31, 2020) as summarize below;

#### (1) Management Remuneration

Description	2020	2019
Number of management	6 persons	4 persons
Total Management Remuneration (Million Baht)	17.81	14.75

#### (2) Other Remuneration

The Company also provided other remuneration in term of Company car for the management in some positions.

## Corporate Governance

The Company is aware of the importance to perform in accordance with Corporate Governance Principle. Thus the Board of Directors has developed the policy to comply with Code of Best Practices for Directors of Listed Company according to the Stock Exchange of Thailand (SET) guidelines, which are determined to be practical. Moreover, the Company follows Good Corporate Governance as a guideline in development of the policy to cover rights and equitable treatment of shareholders, stakeholders, structures, roles and responsibility and independency of directors, disclosure and transparency, risk control and management, including code of conduct; to make business management and business operation efficient and transparent. The Good Corporate Governance includes 5 sections as follows;

### Section 1 The Rights of Shareholders

The Company realizes and respects to the rights of the shareholders by not proceeding in any action that violates the right of shareholders. Moreover, it will support the shareholders to exercise their fundamental rights, e.g. sale or transfer of shares, sharing of the Company's profits, receiving adequate information regarding the Company, attending shareholders' meetings to exercise the right to vote in the removal of directors, selecting auditors and making decisions on matters that affect the Company such as the allocation of the dividend, the provision or amendment of regulations and memorandum of association, the reduction or increase of capital, and the approval of special items.

In addition to the fundamental rights as stated above, the Company will support any matter that encourages and facilitates the exercise of rights of the shareholders as follows:

- The Company will encourage the Board of Directors, the management, and relevant organizations, including the auditor to participate shareholders' meetings simultaneously.
- The Company will assign the Board of Directors to provide a written appointment for a shareholders' meeting with adequate information for the shareholders to be notified about 7 days prior to the date of the Meeting or to follow the prescription of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- In each shareholders' meeting, the chairman will clarify the rules for the meeting including voting procedures and allocate time sufficiently for the meeting.
- The shareholders will be given extreme opportunities to raise questions and give comments and suggestions in any meeting with the presence of the board members and directors. After the Meeting is adjourned, the Company will produce the meeting minutes by showing accurate and complete information for the scrutiny of the shareholders.
- The Company will arrange vote submission and record in the resolution of Shareholders' Meeting clearly in the Minute of Meeting. The number of votes received; agreed, not agreed, and no vote; will be recorded for each agenda of the Shareholders' Meeting which required voting.
- In the case that any shareholder cannot attend the meeting by him-- or herself, the Company grants an opportunity to these shareholders the privilege of authorizing any independent director or person to attend the meeting in his or her name.



## Section 2 The Equitable Treatment of Shareholders

The Company will treat all shareholders equally and fairly including shareholders who are director, non director, foreign shareholders as well as minor shareholders with the following principles:

- The Board of Directors will not raise an additional agenda without informing the Shareholders in advance if it is not necessary, especially an important agenda that requires the Shareholders time to study before making any decision.
- The Company has set up a policy to prevent any unauthorized use of information by prohibiting agencies that were exposed to the information from revealing it to other agencies or non related personals. In the event that any employee or director reveals the information or use it to benefit themselves or their accomplices, it will be considered a serious offense and will receive a disciplinary punishment.
- In a shareholders' meeting, the Board members and Chief Executive Officer will share information about their interests in each agenda in order for the Board of Directors to consider any transaction that may be in conflict with the interests. This will allow them to make decisions for the benefit of the Company as a whole. The Board members and the Board of Directors whose interests are in conflict with the Company's will be revoked the right to vote in that agenda

## Section 3 The Role of Stakeholders

The Company respects the rights of every group of stakeholders and has created a policy which is important in treating all stakeholders as follows.

Shareholders:	The Company is committed to dealing businesses with the knowledge and management skills as best as possible in all cases with the honesty and fairness to both major and minor shareholders for the best interest of shareholders as a whole. This includes
Employees :	The Company will provide fair compensation to employees, maintain the working environment that is safe for life and property and give an emphasis on the development of employees' potential thoroughly and consistently. It will also strictly comply with laws and regulations that are employee related and avoid any action that is deemed unfair which may affect the career integrity of the employees as well as treat the employees with courtesy and listen to opinions and suggestions from all employee levels equally and fairly.
Clients :	The Company is committed to create customers' satisfaction and confidence, including take care and responsible for customers. Our customers will receive products and services with quality and standards at a reasonable price and comply with applicable standard. The Company will also comply with terms and condition of the agreement entered into by the Company and customer, along with developing higher standard of products and services continuously.
Partners and creditors:	The Company will not practice corruption in dealing businesses with its partners and creditors and is committed to comply with conditions strictly prescribed with creditors, e.g. the purposes of payment, reimbursement, the regulations of the quality of collateral and any other agreements with creditors to achieve mutual benefits.
Competitors :	The Company will conduct operations under the rules of good competition, will not seek competitors' confidential information by dishonest or improper means, and will not damage the reputation of its alleged competitors without unfounded grounds.
Society :	The Company will not take any action that may result in damage to society, natural resources, and environment. Instead, it seeks opportunities to support creative social activities and social responsibility among employees at all levels continuously and seriously as well as to control the practice strictly in accordance with the spirit of the law and regulations issued by regulatory agencies.

## Section 4 Disclosure and Transparency

The Company recognizes the importance of disclosure of accurate, complete and timely information and meets the standards of the Stock Exchange of Thailand in terms of financial reports and general information as well as other important information affecting stock prices and the decision making process of investors and stakeholders of the Company. Moreover, to provide all the relevant information equally, the Company releases the public information through the Stock Exchange of Thailand and the website at [www.beautycommunity.co.th](http://www.beautycommunity.co.th).

The Board of Directors is responsibly aware of the significance of the accurate and reasonable financial report. The statement of the Company was prepared in accordance with the well accepted accounting standard by the selection of appropriate accounting policies and accounting records which have enough accuracy to maintain the property. This is to identify the weaknesses in order to prevent fraud or irregularities of the material which is consistently implemented and to make sure that the key information is adequately disclosed in the notes to



financial statements. Furthermore, the Board has appointed the Audit Committee to review financial reports, transactions and internal control system. The Audit Committee will report the audit results to the Board in every meeting. The Board of Directors, the Audit Committee and the Auditor's reports are detailed in the annual report. As for the investor relations, the company established an investor relations unit. Currently assigned Dr. Suwin Kraibhubes as Chief Executive Officer, Dr. Peerapong Kitiveshpokawat. Position Deputy Chief Executive Officer and Mrs. Daranee Pathetang Position Company Secretary Acts of dealing with shareholders, analysts and related parties.

## ***Section 5 Responsibilities of the Board of Directors***

### ***(1) The Board of Directors' structure***

The Board of Directors consists of the directors who have knowledge, competency and experience in doing business which is beneficial for the Company. The Company's Board of Directors is appointed by the General Meeting of Shareholders. It consists of 8 Directors, including 4 Independent Directors: one Chairman of the Audit Committee and two Audit Committees. At least one Audit Committee must have enough accounting knowledge to be able to audit and ensure the reliability of financial statements. The Company also regulates that at least one third of the Board, but not fewer than 3 persons, is to be Independent Directors representing the minority of shareholders. They have to check and balance the Company's administration of the affairs to provide the best, fairest and most accurate interests to the shareholders.

The Chairman of the Board must be the Independent Director and must not be the same person as the Managing Director and Chief Executive Officer to achieve the balance and the review of the management. To achieve this, the Company has clearly set the scopes of power, duties and responsibilities of the Board of Directors, Executive

### ***(2) Sub Committee***

The Board of Directors has appointed the following sub committee to assist in the Company's operations:

- 7 Executive Committees who help facilitate operations with the powers and duties assigned by the Board of Directors.
- The Audit Committee has at least 3 persons to monitor and assist in overseeing the operations of the Company's scope of duties as assigned by the Board of Directors. All members have qualifications stated in the Securities and Exchange Act or in the rules and regulations of the Securities and Exchange Commission or the Stock Exchange of Thailand.
- 3 Nomination and Remuneration Committees who provide suggestion about remuneration of the Directors, appointment of the Board of Directors and sub committee, nominate and propose the person whose qualification is suitable for being the Director; including follow up and operate human resource activities, e.g. evaluation for bonus and salary increment, etc.

However, the Company may recruit other sub committees to perform their assigned tasks to alleviate the administrative burden of the Board of Directors in the future.

### ***(3) Roles, Duties, and Responsibilities of the Board of Directors***

The Board of Directors is responsible for determining the policy, vision, strategy, goal, business plan and budget as well as oversees the effective and efficient administration and management to ensure compliance with agreed policies and strategies within the framework of the law, the Company's objectives, regulations and resolutions of the shareholders' meeting. The Board will perform its duties with full competency to create value added for long term business, and manage the Company's business carefully and prudentially to avoid conflict of interests. The Board will manage operation according to the following guidelines.

#### ***3.1 Business Code of Conduct***

The Company has written a procedure on the business code of conduct for the Board, the Audit Committee, and the working parties to use as a guideline. Its key issues are the discretion of the Company's confidentiality, honest and law abiding operations, respect of the legitimate rights of each other and caution of the resources, both internal and external environment. This important focus of ethics in business will bring integrity in performances and the efficiency of an internal control, resulting in faith in capital markets and confidence to establish credibility with investors.

#### ***3.2 The Policy on Conflicts of Interest***

The Company's policy on conflict of interest is based on a principle that all employees are required to act only in the best interest of the Company. Any actions or decisions must be free from influences of the needs of themselves, their family, relatives, siblings or other parties of their own acquaintances. The policy covers two following issues:

- Transactions:  
The Company will consider the appropriateness before carefully making any transaction item or determining the price and condition of any transaction, as if the Company is making a transaction with a third party (Arm's Length Basis). Also, the Audit Committee will consider and verify the necessity and reasonability of the transaction. The Company will make any transaction by following regulations, conditions, and procedures prescribed in the announcement of the Stock Exchange of Thailand and the announcement of Securities and Exchange Commission Thailand. In addition, the Company will reveal the said item in its annual report and registration statement (Type 56--1). This is done for the transparency of any transaction and to eliminate the problems of conflict of interest and other related situations.
- Other situations that can lead to conflicts of interest can be categorized as follows:



1. General investment: The Company will not allow its employees who are also shareholders, or those who benefit from its competitors, or vendors/suppliers who are in business contact with the Company to take part in any decision making regarding business relationship, unless approved by the Board of Directors.
2. Receiving gifts: Personnel of all levels should not receive gifts, transportation tickets, sport tickets, travel offers, accommodation or personal offers, etc., if such action can lead the Company to any binding conditions or make the Company lose profit.
3. Accepting work in academia or public service, a lecturer post, or any position: Personnel of all levels can ask the head of their department to approve the acceptance of work in academic institutions or public service, or a lecturer post or any position such as Company director or adviser that will help broaden their vision and offer them experience. However, all personnel are not allowed to involve the Company or their positions in the Company with any external activity, unless approved by the Board of Directors.

### ***3.3 Internal Control***

The Company has an internal control system to give the investors' confidence that the Company operates efficiently and increase the financial budget credibility. The Company has hired IA Signature Co. Ltd. who has its professional in internal control with experiences of internal audit for many listed companies., to be an internal auditor of the Company.

Moreover, Mr. Sutee Tanwanichkul, an internal inspector of IA Signature Co., Ltd, has been appointed to report the result of the internal inspection to the Audit Committee at least once every three months.

### ***(4) The Board of Directors' Meeting***

The Board of Directors has set to held at least one meeting every three months as well as other special meetings if necessary. A monthly report is also expected to be compiled and distributed among the Board of the Directors to help them direct, control and supervise the operation of the management section promptly and continuously. A meeting invitation has to be sent to the Board of Directors for consideration at least seven days before a meeting is held, except in urgent cases to protect the Company's rights or profits. The Board of Directors can ask for any extra information from the secretary if needed.

The Chairman and Chief Executive Officer will consider the agenda, and each member of the Board can also propose an agenda. The Chief Executive may join the Meeting in order to give extra information in certain occasions.

### ***(5) Remuneration***

The Company has its policy to provide the remuneration of the Board of Directors and Audit members at the level which can motivate them to maintain the desired qualities. The remuneration will be at the same level as that of other groups in the same industry, and is linked to the Company's performance. The remuneration of the Board of Directors must be approved in the Shareholders' Meeting.

The remuneration of the Managing Director and Chief Executive is set to match their responsibilities and authorities according to the rules and policies determined by the Board of Directors for the highest benefits of the Company. The level of remuneration, including salary, bonus and long term incentive, is set in accordance with the performance of the Company and each Director.

### ***(6) The Board of Directors and Executives' development***

The Board of Directors supports and provides training and workshops to all employees who are involved in the Corporate Governance system, such as the Directors, Audit Committees, and Executives, in order to continuously help improve their performance. Training and workshops may be arranged in the office or at other external institutes.

If there is any change in the Board of Directors, the Company's secretary will provide useful documents to the new members, as well as arrange for advice on the business type and model to be given to the new Boards of Directors.

## **Insider Trading Policy**

The Company has its policy and procedure which cover monitoring the Directors and senior management about their usage of inside information for their interests as follows;

1. To provide knowledge for the Directors and other managements about their responsibilities to report changes in securities holding of them, their spouse, and minor children to The Securities and Exchange Commission and Stock Exchange of Thailand. This complies with Section 59 and the announcement of The Securities and Exchange Commission No. SorChor. 12/2552 prescribed "Preparation and Disclosure of Report on Securities Holding of Director, Executive and Auditor", and the penalty stated in Section 275 of the Securities and Exchange Act B.E. 2535.
2. The Company assigns the Executives to report changes in securities holding of them, their spouse, and minor children to The Securities and Exchange Commission and Stock Exchange of Thailand. This complies with Section 59 and the announcement of The Securities



and Exchange Commission No. SorChor. 12/2552 prescribed “Preparation and Disclosure of Report on Securities Holding of Director, Executive and Auditor”. Thus, the Company is able to monitor shares selling/buying of all Executives.

- The Executives who are informed any material inside information, which has some impact on securities’ price change, must stop their securities buying/selling for 1 month before publishing such financial statement or inside information. They must not exploit such material information to others. If any person in the Board of Directors or Executive Committee uses the inside information to cause some damages to the Company or the Shareholders, The Board of Directors will consider the penalty appropriately. If the person in other level exploited the inside information, the penalty will be considered by the Executive Committee.

## Auditor’s Renumeration

### (1) Audit Fee

In 2020 The company paid audit fees to DIA International Co.,Ltd in the amount of 1,460,000 Bath. And the member of auditor team consist of

- |                  |               |                 |
|------------------|---------------|-----------------|
| 1. Mrs. Suwimol  | Krittayakean  | Permit no. 2928 |
| 2. Mr. Nopphayak | Phitsanu Wong | Permit no. 7764 |
| 3. Ms. Supaporn  | Mangchit      | Permit no. 8152 |

### (2) Non audit Service

In 2020 the company and affiliate company didn’t get the services form DIA International Co., Ltd.

## Personnel

### 1. Number of employees and remuneration

Number of the Company’s employees (exclude Executives) categorized by business line are shown below;

No.	Key function	Number of Employees (persons)	
		As of December 31, 2020	As December 31, 2019
1	Retail Business	292	735
2	Trading Business	20	27
3	Logistics and Warehouse	68	118
4	Finance and Accounting	28	45
5	Information Technology	9	15
6	The Company’s secretary	7	13
7	Human Resources and Administration	13	29
8	Product Development and Merchandise	15	9
	Total (persons)	452	991

Remarks: The company has modified the new structure of organization effective on September 1, 2020.

The company has paid monetary allowance to employees (executives excluded) in forms of salary, bonus, ESOP and others such as OT, allowance, commission, Branch management fee, product maintenance fee etc. in the beginning of 2020 and 2019, there were 452 employees and 991 employees were paid in monetary form for 184.76 million Baht and 328.78 million Baht respectively.

### 2. Provident Fund

The Company has organized the provident fund named “Sinsathaporn Registered Provident Fund” which is managed by BBL Asset Management Co., Ltd. Both the Company and employees will make monthly deposit of their part at 3% - 5% of salary. Establishment of the provident fund has the objectives to create employees’ moral and to attract them to work with the Company in long term. In 2020, the provident fund has waived to alleviate the Company’s expenses due to the Covid-19 epidemic situation by allowing to temporarily stop sending money to the Fund. The company has requested to stop from June 1 - December 31, 2020 for a period of 7 months.



### 3. Employees Training and Development Policy

The Company has a policy to make continuous improvement for its employees. The key objective of the policy is to develop employees' knowledge and understanding in performing their duties efficiently. This is the way to develop career path of employees and to focus on increasing competitive advantage. In addition, the Company also has the policy to enhance good practice culture for employees so that they can work simultaneously in the same direction and focus on identity of organizational culture.

All shops' staff will be trained about all products' details and specification, including make-up method, personality development, service, sales technique, communication with customers, making suggestion to customer, sales promotion, products arrangement, including using of POS which is linked with the Company's program. Total training periods are 14 days to completely cover key contents. In addition, all staff will be tested before working to ensure that all shops are efficient in the same standard.

However, the staff in other departments will receive both internal and external training according to their function to improve the skill on their responsible jobs.

### 4. Safety, Hygiene and Working Environment

The company has set the policy as follows: Will develop a management system for safety, occupational health and work environment in accordance with other laws and regulations, holding work safety is the duty and responsibility of every employees and allowing all employees to participate in the project, having the right to propose opinions to improve working conditions and work methods to be more secure, developing and encouraging employees to have knowledge, creating awareness for employees at all levels to realize the importance and will provide support for resources, budgets, time, personnel and relevant resources appropriately in the implementation of the safety, occupational health and work environment management system.

## Internal Control

The Company focuses on implementing an efficient internal control system that contributes to the goals achievement, thus, the Company is emphasizing on the internal control system that sufficiently and appropriately covers every business activity in order to improve the efficiency and the effectiveness of the Company's business operation as well as the use of resources and assets management. The Company also implements the credible accounting and financial report system, in accordance with the related laws, rules, and regulations of the Company's business operation. The Company ensures that its internal control system operates independently while evaluating its performance, and sufficient to govern various internal operations. The Company's Board of Director assigns the Audit Committee with the tasks to validate the performance of the Company's internal control system and to provide a suggestion for further improvement of the internal control system regularly.

At the Board of Directors Meeting no. 1/2020 on 25th February 2020, the Audit Committee has attended this meeting. The Board of Director has evaluated the internal control system by inquiring the Audit Committee on the sufficiency of the Company's internal control system on 5 elements namely:

- (1) Organization and the environment
- (2) Risk management
- (3) Supervision of the management's operation
- (4) Information and data communication system
- (5) Monitoring system

After the evaluation, the Board concluded that the Company had sufficient internal control that governs the transaction with its major shareholders, directors, executives, or related parties; and 5 internal control elements were appropriate and sufficient to protect the Company's assets against any misuse or unauthorized use of such assets by the executives; and that the Company's internal control system is independent in the monitoring and evaluating the result of the internal control. Moreover, the Company had an important document archival system that allows the directors, the auditor, and a person with legal authority to access and review them within an appropriate period.

### Remark from the auditor on the Company's internal control system

- - **None** - -

## The Internal Audit Policy

The Company prioritizes on having a good and sufficient internal control system that is able to control the related risks of its business at an acceptable level. For this reason, the Company determined the policy, regulation, and working manual in written that covers all important working process; and the Company has clearly divided the authority base on check and balance principle. However, in order to ensure the integrity of the Company's internal control and the continuous improvement in the long run, in 2019, the Company appointed a knowledgeable entity, namely, IA Signature Company Limited, who has an extensive experience on serving as an internal auditor for many incorporated companies, to serve as the Company's internal auditor and to present the result of the internal auditing to the Audit Committee, at least every 3 months.



## Remark from the internal auditor

In 2019, IA Signature Company Limited has evaluated the risk of the business operation of the Company and presented the result to the Audit Committee, including set an internal audit plan for 2020 by prioritizing the auditing process with the level of influence of any individual operation on the Company's operation and this plan has been approved by the Audit Committee. Subject to the plan, the Internal Auditor has audited, firstly, the major processes that had significant effects toward the Company's operation. In 2020, the Internal Audit has evaluated the sufficiency of the Company's internal control system and checked the 3 main processes of the Company's internal control system, namely:

- (1) Auditing the Forward Contract Exchange Rate Management in March 2020.
- (2) Auditing the warehouse management and delivery process in Jul 2020.
- (3) Auditing the IT General Control in October 2020.

Whereas the Internal Auditor believes that the Company set the guideline for its internal control that allows its operation to be done efficiently and effectively.

However, the Internal Auditor also found some aspects that have not been managed appropriately, and therefore, presented recommendation for further improvement to the Company. The Company recognized and prioritized on implementing the recommend improvement, whereas the Internal Auditor has presented its internal auditing report, as well as the progress report on such as improvement, to the Company's Audit Committee continuously, as follow.

### 1. The result of auditing the Forward Contract Exchange Rate Management

#### 1.1 Compliance with the terms of the foreign currency forward contract - **Medium Risk**

Determine to make an advance reservation for the exchange rate when certain trade has occurred, and must be attracted supporting document that is necessary and authorize by authority.

**Action** Financing and Accounting Department had created a new policy and operation manual completed

#### 1.2 The appropriateness of choosing a foreign currency in advance - **Medium Risk**

Require to specify or record details with reasons on the date of choice (Forward or Spot Rate) and send to Financing and Accounting Manager authorize every time. And prepare summary report on selection of the exchange rate on monthly basis.

**Action** Financing and Accounting Department had created a new policy and operation manual completed

### 2. The result of auditing the warehouse management and delivery process

#### 2.1 The efficiency of the warehouse management (Product Receive) - Low Risk

In case of receiving new products must be reviewed and approved by PD Department. But if it is a product or repeat order, the warehouse department will inspect and approve the product immediately.

**Action** The Warehouse and Logistic Department and Purchasing Department had created a new policy and operation manual completed.

#### 2.2 Products preparation and delivery - Low Risk

Determine to review methods of product preparation and policy of distribution to branches and prepare quality assessment report for product delivery to be sent to supervisors every month.

**Action** Logistic Department review methods of product preparation and policy of distribution to branches already.

### 3. The result of auditing the IT General Control

Availability of network protection system including accessing information from third parties - Medium Risk

Determine to set up Firewall 1 user can use up to 3 devices and IT Department must monitor usage regularly.





### Related Party Transactions for 2020

#### Beauty Community Public Company Limited

Person/Juristic Person that may have conflict of interests	Relation	Nature of Transaction	Transaction Value (Baht)		Balance (Baht)		Necessity and Reasonability	The Audit Committee's Opinion
			2020	2019	31 Dec 20	31 Dec 19		
Mrs. Tanyapon Kraibhubes	The shareholder and director of the Company	Rent of land and structures	-	365,400.00	-	-	The Company has rented land and structures for 203 square wah from the juristic body of Thanapoom owned by Mrs. Tanyapon Kraibhubes in the rental of 30,450 Baht per month for use as warehouse of the Company. The term of Rent Contract is 3 years from 1 Jan 19 – 31 Dec 21 under 3 months of deposit. The rental price has been in line with the price appraised by independent appraiser.	Such land rent is reasonable and necessary for business operation and rental price has been fair price appraised by the independent appraiser. However, the Audit Committee's Meeting No. 5/2012 on 5 October 2012 resolved to approve the Company to change the contractual party of the said land rent contract from Juristic Body of Thanapoom to be Mrs. Tanyapon Kraibhubes. It is effective from 1 October 2012 whereas the condition has still been in line with the former Rent Contract.
		Rental deposit	-	-	-	87,000.00		
		Land rental	-	1,276,293.00	-	3,638,538.00	The Company has been obliged based on Rent Contract of Land for Warehouse Construction according to the Contract dated 11 June 2013 and	



## Related Party Transactions for 2020

### Beauty Community Public Company Limited

Person/Juristic Person that may have conflict of interests	Relation	Nature of Transaction	Transaction Value (Baht)		Balance (Baht)		Necessity and Reasonability	The Audit Committee's Opinion
			2020	2019	31 Dec 20	31 Dec 19		
							recorded to be annexed to Rent Contract. The term of rent is 30 years and rental is defined equaling to the independent appraiser. The rent has been started from 1 January 2014 and the value throughout the term of Rent Contract is 38.28 million Baht.	
		Interest expenses	832,660.78	-	-	-	The company has calculated financial reporting standard related to TFRS 16 this transaction.	
		Amortisation – right-of-use assets	540,407.92	-	-	-		
		Right-of-use assets	-	-	10,171,433.23	-		
		Lease liabilities	-	-	15,765,457.72	-		



### *Measure or procedure of approval for related party transaction*

The Company has the policy in performing the related party transaction with transparency under concern on fairness and maximum benefit of the Company. In entering to perform transaction with the party who may have conflict of interests, such issue shall be proposed to the Audit Committee for consideration and approval on performing such related party transaction for maximum benefit of the Company and for protection of the investors and the related parties of the Company. Such related party transaction shall comply with rules, regulations, announcements, orders, or requirements of SEC, Stock Exchange of Thailand, or relevant laws. The party who may have conflict of interests or gain and loss in performing the related party transaction has no right to participate in approving such transaction.

### *Tendency of related party transactions in the future*

In the contingent related party transaction in the future, the conditions shall be in line with the nature of general trade by referring to the appropriate market price and conditions. The Company and/or Group of Companies shall allow the Audit Committee and/or independent director to remark their opinions about the commission rate as well as necessity and appropriateness of such transaction. If any transaction occurs with the party that may have conflict of interests in the future, the Company shall comply with rules, announcements and/or regulations of the Office of Securities and Exchange Commission and/or Stock Exchange of Thailand.



In case of the related party transactions in ordinary trade such as purchase of product and sale of product, etc., the Company has the policy to define the conditions according to the nature of normal trade operation in market price which is comparable with price sold to the third party. The Audit Committee of the Company shall consider and remark opinions to the Board of Directors every quarter. The reasonability of the transactions shall be considered from market price including condition and necessity that affect the operation mainly for maximum benefit of the Company.

The Company may assign the independent expert or the auditor of the Company to remark the opinions on such related party transaction for use as decision making support of the Board of Directors or the shareholders as the case may be. The Company shall disclose the related party transaction in notes to financial statements audited by the auditor and in Annual Registration Statement of the Company.



## Report of the Committee Responsibilities to the Financial Statement

The Board of Directors is responsible for the financial position of Beauty Community Public Company Limited, including all financial information appearing in the annual report, which is prepared under the general accepted Thai Accounting Policy, and enclose with important information for the benefit of shareholders and general investors.

In this regard, the Board of Directors has assigned Audit Committee to audit and report the performance in the financial statement to the Board of Directors. The Opinion of Audit Committee will be presented in the report of the Board of Directors as appeared in this annual report.

The Board of Directors believes that, the internal control system of the Company is conducted with transparency and can create the confidence that the financial statement of Beauty Community Public Company Limited for the year ended December 31, 2020 is reliable and presented according to the general accepted Thai Accounting Policy.



(Assoc. Prof. Dr. Vichit U-on)  
Acting Chairman of Board Director



(Dr. Suwin Kraibhubes)  
Chief Executive Officer



## Report of Audit Committee

The Independent Audit Committee of Beauty Community Public Company Limited on February 24, 2021 is consisted of 3 persons as follows:

1. ASSOC.PROF.DR.Vichit	U-on	Chairman of Audit Committee
2. Col. Attapon	Srisangwarn	Audit Committee
3. Mr. Viboon	Pojanalai	Audit Committee

The Audit Committee mentioned above are qualified auditors according to the announcement of Stock Exchange of Thailand on Qualification and Scope of Audit Committee (Edition 2) B.E. 2552 (2009).

In year 2019, the Audit Committee had conducted 4 meetings and the Audit Committee had performed their duty with prudence, and used their knowledge and capabilities according to the scopes, duties, and responsibilities to perform the given mission independently. The Audit Committee had performed their duties such as, being the co-manager, internal auditor, and auditor for the benefits of all stakeholders, which can be summarized as follows:

1. Verify the accuracy and the adequacy of disclosure of the quarterly and annual financial statement year 2020 of the Company, in order to ensure that the accounting system and report of financial statement is prepared under the general accepted Thai Accounting Policy with adequacy, completeness and confidence.

2. Verify the internal audit and internal control system, in order to ensure that the Company has an appropriate and effective internal audit and internal control system.

3. Ensure that the operations of the Company is compliance with the guidelines set forth by the Securities and Exchange Commission, Regulations of the Exchange Commission, and other laws related to business of the Company.

4. Ensure the adequacy and effectiveness of risk management.

5. Advise and Supervise the Company to conduct the business with Good Corporate Governance, in order to ensure the transparency of operation, including the disclosure of related records or records that might contain conflicts of interests.

6. Propose the appointment and remuneration of the auditors of the Company, in order to grant the approval from the shareholders' meeting.

According to the internal control system, the opinion of the Audit Committee suggested that the internal control system of the Company is overall in good position, in which the report is prepared under the general accepted Thai Accounting Policy with adequacy, completeness and confidence. Moreover, the Company has an adequate risk management system, with Good Corporate Governance, including with the steadily improved operational quality.



(ASSOC.PROF.DR.Vichit U-on)  
Chairman of Audit Committee



LIFESTYLE

# REALITY

## Financial Position and Overall Operation

### Report of the Auditor

#### *Financial Statement for the year ended December 31, 2020*

The opinion of Miss Suvimol Krittayakiern, Certified Public Accountant No.2982 from DIA International Audit Co., Ltd., presented that financial statement present fairly, in all material respects, the financial position of the Company as at December 31, 2020, the financial performance and cash flows for the year then ended in accordance with The Financial Reporting Standards.

#### *Financial Statement for the year ended December 31, 2019*

The opinion of Miss Suvimol Krittayakiern, Certified Public Accountant No.2982 from DIA International Audit Co., Ltd., presented that financial statement present fairly, in all material respects, the financial position of the Company as at December 31, 2019, the financial performance and cash flows for the year then ended in accordance with The Financial Reporting Standards.





## Summarized of financial statement of Beauty Community Public Company Limited

*Statement of Financial Position*

For the year ended December 31, 2020, 2019 and 2018

(Unit: THB million)

STATEMENTS OF FINANCIAL POSITION	December 31, 2020	%	December 31, 2019	%	December 31, 2018	%
<b>Current assets</b>						
Cash and cash equivalents	175.94	16.26%	154.66	11.75%	232.82	13.11%
Trade and other current receivables	58.64	5.42%	91.59	6.96%	82.96	4.67%
Inventories	209.02	19.31%	354.87	26.97%	592.84	33.38%
Other current financial assets	250.43	23.14%	300.00	22.80%	460.00	25.90%
<b>Total current assets</b>	<b>694.03</b>	<b>64.13%</b>	<b>901.12</b>	<b>68.48%</b>	<b>1,368.62</b>	<b>77.06%</b>
<b>Non-current assets</b>						
Other non-current financial assets	-	0.00%	50.00	3.80%	-	0.00%
Property, plant and equipment	165.82	15.32%	230.52	17.52%	269.55	15.18%
Right-of-use assets	100.09	9.25%	-	0.00%	-	0.00%
Leasehold rights	-	0.00%	3.75	0.28%	4.93	0.28%
Other intangible assets	22.74	2.10%	26.14	1.99%	22.17	1.25%
Deferred tax assets	43.63	4.03%	12.54	0.95%	11.41	0.64%
Other non-current assets	55.94	5.17%	91.85	6.98%	99.46	5.60%
<b>Total non-current assets</b>	<b>388.23</b>	<b>35.87%</b>	<b>414.80</b>	<b>31.52%</b>	<b>407.52</b>	<b>22.94%</b>
<b>Total assets</b>	<b>1,082.26</b>	<b>100.00%</b>	<b>1,315.92</b>	<b>100.00%</b>	<b>1,776.14</b>	<b>100.00%</b>
<b>Current liabilities</b>						
Trade and other current payables	88.01	8.13%	177.24	13.47%	279.23	15.72%
Current portion of lease liabilities	73.45	6.79%	-	0.00%	-	0.00%
Accrued income tax	-	0.00%	28.69	2.18%	113.38	6.38%
<b>Total current liabilities</b>	<b>161.46</b>	<b>14.92%</b>	<b>205.93</b>	<b>15.65%</b>	<b>392.61</b>	<b>22.10%</b>
<b>Non-current liabilities</b>						
Lease liabilities	48.62	4.49%	-	0.00%	-	0.00%
Non-current provisions for employee benefit	16.41	1.52%	23.04	1.75%	16.43	0.92%
Other non-current provisions	5.82	0.54%	6.89	0.52%	6.75	0.38%
Other non-current liabilities	2.04	0.19%	3.57	0.27%	4.14	0.23%
<b>Total non-current liabilities</b>	<b>72.89</b>	<b>6.73%</b>	<b>33.51</b>	<b>2.55%</b>	<b>27.32</b>	<b>1.54%</b>
<b>Total liabilities</b>	<b>234.35</b>	<b>21.65%</b>	<b>239.44</b>	<b>18.20%</b>	<b>419.92</b>	<b>23.64%</b>
<b>Shareholders' equity</b>						
Share capital						
Authorized share capital						
3,022,610,000 common shares of Baht 0.10 each	302.26		302.26		302.26	
Issued and paid-up share capital						
3,006,868,535 common shares of Baht 0.10 each	300.69		300.69		-	
3,006,214,955 common shares of Baht 0.10 each	-		-		300.62	
Share premium on ordinary shares	592.71	54.77%	592.71	45.04%	588.96	33.16%
Equity-settled share-based payment	16.30	1.51%	16.30	1.24%	14.44	0.81%
Treasury stocks	(99.69 )	(9.21%)	(99.69 )	(7.58%)	(99.69 )	(5.61%)
Retained earnings(deficit)						
Appropriated						
Legal reserve	30.23	2.79%	30.23	2.30%	30.23	1.70%
Reserve for treasury stocks	99.69	9.21%	99.69	7.58%	99.69	5.61%
Unappropriated	(92.02 )	(8.50%)	136.55	10.38%	421.97	23.76%
<b>Total shareholders' equity</b>	<b>847.90</b>	<b>78.35%</b>	<b>1,076.48</b>	<b>81.80%</b>	<b>1,356.22</b>	<b>76.36%</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,082.26</b>	<b>100.00%</b>	<b>1,315.92</b>	<b>100.00%</b>	<b>1,776.14</b>	<b>100.00%</b>



## Statement of Comprehensive Income

For the year ended December 31, 2020, 2019 and 2018

(Unit: million)

STATEMENTS OF COMPREHENSIVE INCOME	2020	%	2019	%	2018	%
<b>Revenues from sales</b>	769.30	97.77%	2,007.21	99.33%	3,466.61	99.01%
Cost of sales	(353.28)	(44.90%)	(794.14)	(39.30%)	(1,201.65)	(34.32%)
<b>Gross profit *</b>	<b>416.02</b>	<b>54.08%</b>	<b>1,213.07</b>	<b>60.44%</b>	<b>2,264.96</b>	<b>65.34%</b>
Other income						
Interest income	4.59	0.58%	7.13	0.35%	13.12	0.37%
Other income	12.95	1.65%	6.43	0.32%	21.51	0.61%
<b>Total other income</b>	<b>17.54</b>	<b>2.23%</b>	<b>13.56</b>	<b>0.67%</b>	<b>34.63</b>	<b>0.99%</b>
<b>Total revenue</b>	<b>786.83</b>	<b>100.00%</b>	<b>2,020.77</b>	<b>100.00%</b>	<b>3,501.24</b>	<b>100.00%</b>
Distribution costs	(351.49)	(44.67%)	(701.75)	(34.73%)	(800.83)	(22.87%)
Administrative expenses	(160.23)	(20.36%)	(234.11)	(11.59%)	(265.95)	(7.60%)
Impairment loss of assets	(41.78)	(5.31%)	-	-	-	-
Finance costs	(10.91)	(1.39%)	-	-	-	-
<b>Profit before income tax</b>	<b>(130.84)</b>	<b>(16.63%)</b>	<b>290.77</b>	<b>14.39%</b>	<b>1,232.80</b>	<b>35.21%</b>
Tax income (expense)	25.96	3.30%	(58.19)	(2.88%)	(241.21)	(6.89%)
<b>Profit for the year</b>	<b>(104.88)</b>	<b>(13.33%)</b>	<b>232.58</b>	<b>11.51%</b>	<b>991.59</b>	<b>28.32%</b>
Other comprehensive income :						
Component of other comprehensive income to profit or loss						
Gains on remeasurement of defined benefit plans	4.33	0.55%	-	-	(4.19)	(0.12%)
Less Taxable effects	(0.87)	(0.11%)	-	-	0.84	0.02%
<b>Other comprehensive income for the year</b>	<b>3.46</b>	<b>0.44%</b>	<b>-</b>	<b>-</b>	<b>(3.36)</b>	<b>(0.10%)</b>
<b>Total comprehensive income for the year</b>	<b>(101.42)</b>	<b>(12.89%)</b>	<b>232.58</b>	<b>11.51%</b>	<b>988.24</b>	<b>28.23%</b>

\* Percentage rate of gross profit was calculated by gross profit divided by revenue from sales (excluded other income) which was in line with the one disclosed in the important financial ratio.



## Statement of Cash Flow

For the year ended December 31, 2020, 2019 and 2018

(Unit: THB million)

STATEMENTS OF CASH FLOWS	2020	2019	2018
<b>Cash flows from operating activities</b>			
Profit (loss) for the period	(104.88)	232.58	991.59
Adjustment profit before income tax to cash receipt (disbursement)			
from operating activities			
Depreciation and amortization	120.58	53.68	61.21
Expected credit loss			
(2019-2020 : doubtful accounts of trade and other receivables)	(0.64)	0.28	(0.15)
Loss (reversed) for devaluation of inventories	12.43	12.01	(0.06)
Loss on goods destruction	4.61	2.53	3.35
(Gain) loss on sales of assets	(0.11)	(0.21)	(0.78)
Loss on write off property, plant and equipment	23.63	5.70	2.01
Loss on write off Right-of-use assets	47.06	-	-
Impairment loss on deposits	9.74	-	-
Unrealized loss (gain) on exchange rate	(0.43)	0.14	-
Loss on amortized other intangible assets	-	-	1.13
Loss on impairment of property, plant and equipment	1.99	-	-
Impairment loss on deposits	6.42	-	-
(Reversed) accrued expenses	-	-	(15.28)
(Reversed) accrued income tax	-	(0.82)	-
Realized (income) expenditures for reward points	(4.48)	(13.50)	(4.38)
Non-current provisions for employee benefit	4.23	6.61	2.90
Other non-current provisions	-	-	1.65
Expenses from share-based payments	-	2.41	5.31
Finance income	(4.59)	(7.13)	(13.12)
Finance costs	10.91	-	-
Tax (income) expense	(25.96)	58.19	241.21
Profit from operation before changes in			
operating assets and liabilities	100.48	352.48	1,276.59
<b>(Increase) Decrease in changes of operating assets</b>			
Trade and other current receivables	32.68	(8.94)	62.85
Inventories	128.82	223.42	(186.39)
Other non-current assets	19.75	7.61	(1.57)
(Increase) Decrease in changes of operating assets	181.26	222.09	(125.11)
<b>Increase (Decrease) in changes of operating liabilities</b>			
Trade and other current payables	(74.16)	(94.02)	(140.00)
Other non-current liabilities	(1.54)	(0.56)	(0.00)
Increase (Decrease) in changes of operating liabilities	(75.70)	(94.58)	(140.01)
Cash generated (paid) from operation	206.04	479.99	1,011.47
Employee benefit paid	(6.53)	-	-
Finance costs paid	(10.91)	-	-
Income tax paid	(28.97)	(143.19)	(305.52)
<b>Net cash provided by (used in) operating activities</b>	<b>159.64</b>	<b>336.80</b>	<b>705.95</b>



## Statement of Cash Flow (continued)

For the year ended December 31, 2020, 2019 and 2018

(Unit: THB million)

STATEMENTS OF CASH FLOWS	2020	2019	2018
<b>Cash flows from investing activities</b>			
Proceeds from finance income	5.78	7.16	13.12
(Increase) Decrease in other current financial assets	50.00	160.00	340.00
Other long-term investments (increase) decrease	50.00	(50.00)	50.00
Building and equipment acquisition	(5.69)	(15.11)	(37.03)
Proceeds from sales of equipment	0.19	0.27	1.60
Other intangible assets acquisition	(4.80)	(2.70)	(4.34)
<b>Net cash provided by (used in) investing activities</b>	<b>95.48</b>	<b>99.62</b>	<b>363.35</b>
<b>Cash flows from financing activities</b>			
Cash paid for treasury stocks	-	-	(99.69)
Dividend paid	(107.51)	(517.86)	(1,260.04)
Proceeds from exercise right of warrants to purchase of ordinary shares	-	3.27	17.40
Payment for lease liabilities	(126.32)	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>(233.83)</b>	<b>(514.59)</b>	<b>(1,342.33)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>21.29</b>	<b>(78.17)</b>	<b>(273.03)</b>
Cash and cash equivalents as at the beginning of the year	154.66	232.82	505.86
<b>Cash and cash equivalents as at the end of the year</b>	<b>175.94</b>	<b>154.66</b>	<b>232.82</b>

## Significant Financial Ratio

For the year ended December 31, 2020, 2019 and 2018

FINANCIAL RATIO		2020	2019	2018
<b>Liquidity ratio</b>				
Current ratio / Liquidity ratio	(Time)	4.30	4.38	3.49
Quick ratio	(Time)	3.00	2.65	1.98
Cash ratio	(Time)	0.87	1.15	1.43
Account receivable turnover (A/R)	(Time)	13.19	29.36	45.01
Account Receivable (A/R) days	(Day)	27	12	8
Inventory turnover	(Time)	1.25	1.68	2.40
Inventory days	(Day)	287	215	150
Finished goods turnover	(Time)	1.66	2.15	3.11
Finished goods days	(Day)	217	168	116
Account payable turnover (A/P)	(Time)	6.39	7.24	7.31
Account Payable (A/P) days	(Day)	56	50	49
Cash cycle	(Day)	258	177	109



## Significant Financial Ratio (continued)

For the year ended December 31, 2020, 2019 and 2018

FINANCIAL RATIO		2020	2019	2018
<b>Profitability ratio</b>				
Gross profit margin (GP)	(%)	54.08%	60.44%	65.34%
Operating profit margin	(%)	(15.83%)	14.39%	35.21%
Operating cash flow margin	(%)	(128.21%)	118.29%	58.30%
Net profit margin	(%)	(13.33%)	11.51%	28.32%
Return on equity (ROE)	(%)	(10.90%)	19.12%	64.78%
<b>Efficiency ratio</b>				
Return on assets (ROA)	(%)	(8.75%)	15.04%	48.23%
Return on fixed assets	(%)	(34.28%)	112.75%	375.92%
Total assets turnover	(Time)	0.66	1.31	1.70
<b>Financial policy ratio</b>				
Debt to equity ratio (D/E)	(Time)	0.28	0.22	0.31
Interest coverage ratio	(Time)	18.29	-	-
Coverage ratio	(Time)	0.48	0.56	0.79
Dividend payout ratio	(%)	-	91.41%	90.58%
Earning per share (EPS)*	(Baht)	(0.03)	0.08	0.33

Note: \* EPS 2019 - 2020 Calculated from authorized capital 3,006.8 7 million shares, its value was 0.10 Baht/share. In 2018 Calculated from authorized capital 3,006.21 million shares, its value was 0.10 Baht/share

## Explanation and analysis of financial position and overall operation

### ● Previous Overall operation

Beauty Community Public Company Limited was established on 19 October 2000 (originally known as Monapolitan Company Limited) operating retail business of beauty products such as Make-up, skin care, food supplement and accessories. Currently, the products are distributed in retail stores under brand “Beauty Buffet” and through various channels such as overseas, consumer product and E-commerce.

For retail “Beauty Buffet” channel, we have remodeled it by adding more beauty brands in the stores (Multi Brand) and developed a new sale model, namely “Beauty Online Shop”, to customers who can easily buy our products either online or at the store (offline)

To minimize future risk, we have expanded new channels in China market including to other international markets. We signed agreement to appoint our distributors in all countries completely in Q.3 of 2019 including pro-actively expanded the overseas markets with the new sale model through “Product License”. This will help facilitate the processes of developing new product, as well as managing the operation of the China market. As of 2020, we have already implemented 5 product items under this scheme with another 3 items expected for this year.

For Consumer product channel, we have sold “Made In Nature” products since 2012 in various distribution channels focusing in large retail store, department store, supermarket or modern trade both in Bangkok and upcountry (Traditional Trade) including convenience store, catalog and duty free shop such as King Power.

For E-commerce channel, we have developed our e-commerce system for our customers to easily access to our products and to increase number of new customer as well as to match customer’s new life style. Currently, we sell products through our own website (www.beautybuffet.co.th) and other platforms e.g. Lazada, Shopee, Konvy, Facebook and Line@, etc.



In 2020, the company had total revenue of 786.83 million baht from 2019 with total revenue of 2,020.77 million baht, which is decrease about 61.06% of growth rate. The net profit (loss) of the Company in 2020 and 2019 was -104.88 million Baht and 232.58 million Baht or -13.33% and 11.51% to total revenue respectively. Hence, the company's performance has decreased in the year 2020, Sales both domestic and overseas have been significantly affected by the COVID-19 crisis, the ongoing slowdown of economy and market consumption as well as the decreasing in number of tourists

### ● Operation Analysis for year 2020 and 2019

Company's operation analysis in 2020 and 2019 are as follows:

#### Revenues

(Unit: THB million)

Revenue Structure by channel	2020			2019			2018		
	Amount	% to total revenue	% to sales	Amount	% to total revenue	% to sales	Amount	% to total revenue	% to sales
Retail shops	407.37	51.77%	52.64%	1,121.37	55.49%	55.87%	1,971.77	56.32%	56.88%
Oversea	286.92	36.47%	37.08%	557.21	27.57%	27.76%	1,004.18	28.68%	28.97%
Consumer Product	44.65	5.67%	5.77%	303.00	14.99%	15.10%	480.58	13.73%	13.86%
Ecommerce	34.92	4.44%	4.51%	25.61	1.27%	1.28%	10.08	0.29%	0.29%
<b>Total sales</b>	<b>773.86</b>	<b>98.35%</b>	<b>100.00%</b>	<b>2,007.21</b>	<b>99.33%</b>	<b>100.00%</b>	<b>3,466.61</b>	<b>99.01%</b>	<b>100.00%</b>
Other revenue	12.98	1.65%		13.56	0.67%		34.63	0.99%	
<b>Total revenue</b>	<b>786.83</b>	<b>100.00%</b>		<b>2,020.77</b>	<b>100.00%</b>		<b>3,501.24</b>	<b>100.00%</b>	

Total revenue of the Company in 2020 and 2019 was 786.83 million Baht and 2,020.77 million Baht respectively, which is decrease about 61.06% of growth rate. The income from sales of the Company was mainly came from distribution through cosmetic retail shop by having average distribution proportion around 407.37 million Baht or 51.77% to total revenue, overseas channel around 286.92 million Baht or 36.47% to total revenue, consumer product channel around 44.65 million Baht or 5.77% to total revenue, E-Commerce channel around 34.92 million Baht or 4.44% to total revenue and other income around 12.98 million Baht or 1.65% to total revenue.

Therefore, the company's performance has decreased in this period due to many factors: The COVID-19 crisis certainly is a major contributing factor to last year's heavy revenue loss. As never before, the world economy has ground to a complete halt especially during the first half of 2020. The Thai government's early LOCKDOWN policy saw a complete shutdown of shopping malls, which resulted in a temporary closure of our 300 retail branches, making up to 95% of total shop number. The LOCKDOWN also severely impacted Thailand tourism industry which saw a drastic drop in the tourist number particularly from China.

During the second half of 2020, although the government started to ease most of the LOCKDOWN measure, the economy was slow to recover. In term of market competition, both existing and new competitors also competed heavily in offering sale and promotional activities. This heavy market competition also resulted in reduced brand royalty as customers were easily tempted to try new brands. In summary, even though the Thai government has done a commendable job in keeping the crisis under control, and that we were able to reopen shops as per normal, the ever changing consumer behavior and the ongoing slowdown in market consumption were still major obstacles in achieving our targeted sale in the second half of the year.

However, the company has re-aligned its Business Re-engineering strategies to improve the management and the efficiency of the entire business process to be in line with the changed consumer's behavior, which was brought upon by the Covid-19 pandemic. This includes management restructuring, cost cutting in production, sale and management area, as well as reduce organization size to suit the current business model and economic situation. As a result, we have begun to see improved sale revenue both locally and internationally. Although, the improvement is not big enough to off-set the loss sale from the first half of the year, but this has been a positive signal since the government gradually eased the lock down measure.

(Unit: THB million)

Revenue Structure by product group	2020			2019			2018			Changed	
	Amount	% to total revenue	% to each product	Amount	% to total revenue	% to each product	Amount	% to total revenue	% to each product	Amount	%
<b>Retail shop</b>											
Skin care	212.91	27.06%	52.26%	631.91	31.27%	56.35%	1,468.40	41.94%	74.47%	(419.00)	(66.31%)
Make up	158.71	20.17%	38.96%	413.91	20.48%	36.91%	461.45	13.18%	23.40%	(255.20)	(61.66%)
Accessories	20.56	2.61%	5.05%	48.67	2.41%	4.34%	38.27	1.09%	1.94%	(28.12)	(57.77%)
Food Supplement	15.19	1.93%	3.73%	26.87	1.33%	2.40%	3.64	0.10%	0.18%	(11.68)	(43.47%)
<b>Total Retail shop</b>	<b>407.37</b>	<b>51.77%</b>	<b>100.00%</b>	<b>1,121.37</b>	<b>55.49%</b>	<b>100.00%</b>	<b>1,971.77</b>	<b>56.32%</b>	<b>100.00%</b>	<b>(714.01)</b>	<b>(63.67%)</b>
<b>Oversea &amp; Wholesales</b>	<b>286.92</b>	<b>36.47%</b>	<b>100.00%</b>	<b>557.21</b>	<b>27.57%</b>	<b>100.00%</b>	<b>1,004.18</b>	<b>28.68%</b>	<b>100.00%</b>	<b>(270.30)</b>	<b>(48.51%)</b>
<b>Consumer Product</b>	<b>44.65</b>	<b>5.67%</b>	<b>100.00%</b>	<b>303.00</b>	<b>14.99%</b>	<b>100.00%</b>	<b>480.58</b>	<b>13.73%</b>	<b>100.00%</b>	<b>(258.36)</b>	<b>(85.27%)</b>
<b>Ecommerce</b>	<b>34.92</b>	<b>4.44%</b>	<b>100.00%</b>	<b>25.61</b>	<b>1.27%</b>	<b>100.00%</b>	<b>10.08</b>	<b>0.29%</b>	<b>100.00%</b>	<b>9.31</b>	<b>36.34%</b>
<b>Other income</b>	<b>12.98</b>	<b>1.65%</b>	<b>100.00%</b>	<b>13.56</b>	<b>0.67%</b>	<b>100.00%</b>	<b>34.63</b>	<b>0.99%</b>	<b>100.00%</b>	<b>(0.58)</b>	<b>(4.30%)</b>
<b>Total revenue</b>	<b>786.83</b>	<b>100.00%</b>		<b>2,020.77</b>	<b>100.00%</b>		<b>3,501.24</b>	<b>100.00%</b>		<b>(1,233.93)</b>	<b>(61.06%)</b>



Revenue structure by channel and by brand

(Unit: THB million)

Revenue structure by channel and by brand														(Unit: The million)	
Brand Channel		Y2020													
		Brand Beauty Buffet		Brand Beauty Cottage		3rd party brands		Brand Made in Nature		Other Brands		Other income		Total	
Retail shop		284.32	46.80%	57.71	77.84%	23.53	98.93%	8.34	35.77%	33.47	82.47%	-		407.37	51.77%
		69.79%		14.17%		5.78%		2.05%		8.22%		-		100.00%	
Oversea		266.55	43.88%	8.52	11.50%	-	0.00%	4.63	19.87%	2.65	6.53%	4.56		286.92	36.47%
		92.90%		2.97%		0.00%		1.61%		0.92%		1.59%		100.00%	
Consumer Product		32.17	5.30%	0.88	1.19%	0.16	0.66%	8.61	36.95%	2.82	6.95%	-		44.65	5.67%
		72.06%		1.98%		0.35%		19.29%		6.32%		-		100.00%	
Ecommerce		24.44	4.02%	7.02	9.47%	0.10	0.41%	1.73	7.41%	1.64	4.05%	-		34.92	4.44%
		69.98%		20.10%		0.28%		4.94%		4.70%		-		100.00%	
Total sales		607.49	100.00%	74.13	100.00%	23.79	100.00%	23.30	100.00%	40.59	100.00%	4.56		773.86	98.35%
		78.50%		9.58%		3.07%		3.01%		5.24%		0.59%		100.00%	
Other income		-		-		-		-		-		12.98		12.98	1.65%
Total revenue		607.49	100.00%	74.13	100.00%	23.79	100.00%	23.30	100.00%	40.59	100.00%	17.54		786.83	100.00%
		77.21%		9.42%		3.02%		2.96%		5.16%		2.23%		100.00%	

The income of the Company was mainly came from retail shops, oversea channel, consumer product channel and e-commerce channel as follows.

### (1) Revenue from Retail shops

In 2020 and 2019, the income was 407.37 million Baht and 1,121.37 million Baht or 51.77% and 55.49% of total income respectively. The growth rate decreased 63.67%. At the end of 2020, there were 113, decreasing 198 shops from 311 shops at the end of 2019. Shops in CLMV was 5 shops in year 2020 decreasing 2 shops from 7 shops at the end of 2019. Total revenue by product of Retail shops for Skin Care, make-up, accessories and food Supplement, the average distribution proportions were 52.26%, 38.96%, 5.05% and 3.73% respectively.

### (2) Revenue from Oversea

Oversea, by 2020 and 2019 were 286.92 million Baht and 557.21 million Baht in respective order, which is decrease about 48.51% of growth rate. The distribution through overseas wholesalers. due to the company has a policy to sell abroad through agents in wholesale term. Including the assignment of distributors in that country to sell products under the company's brands.

### (3) Revenue from consumer product

Consumer product. by 2020 and 2019 were 44.65 million Baht and 303.00 million Baht in respective order, which is decrease about 85.27% of growth rate. The Company debuted products through the channel of big-sized super stores or modern trade such as Big C Supercenter, Tesco Lotus, and Tops Supermarket, including distributed through convenient stores, catalogs, traditional trade and duty free shop such as king power as well.

### (4) Revenue from E-commerce

E-commerce by 2020 and 2019 were 34.92 million Baht and 25.61 million Baht in respective order, or approximately 36.34% of growth rate. The distribution through (www.beautybuffet.com), which is our own website and distribution through marketplace such as Lazada, Shopee, Konvy addition we are selling through social media such as Facebook, Instagram and Line@.

### (5) Other incomes

Other incomes in 2020 and 2019 were 12.98 million Baht and 13.56 million Baht, respectively. Other incomes mainly came from interest income.

## Cost of Goods Sold and Gross Profit

The cost of sales in 2020 and 2019 were 353.28 million Baht and 794.14 million Baht in respective order, or approximately 54.08% and 60.44% of gross profit margin, respectively. The decline in GP mainly from increasing of promotion to boosted sales and clearance sales promotion to compete with other competitors in the fierce competition in the cosmetics business.

As the Company has had no policy of goods production by itself, the main component of cost of sales is cost of goods production order for Beauty buffet, Beauty Cottage and Beauty Market or its proportion has been more than 99% of total cost. Such proportion has been quite stable in each year due to quite low rate of fluctuation in production order price. The Company will yearly plan the production order and launch of new products, resulting the Company's flexibility in update of sales price determination conforming to production order cost. Other costs of sales were included goods transportation cost, tax and other expenses for import and their average proportion was approximately 0.92% of total cost of sales.

In part of Made in Nature products, their cost structure has been different from other types of products due to the distribution of the Company through modern trade and traditional trade. This distribution is the term of outright sale that the owner will charge 2 portions of expense including the first portion for entrance fee of around 5,000-1,500,000 Baht by item (book keeping as sales expense) and profit share from sales for around 25-50% (book keeping as deduction amount from turnover). Such expense has been different depending on the terms of each department store.

Anyhow, the terms of product distribution for both outright sales and consignment have affected the cost of sales of Made in Nature products to be in higher level than Beauty Buffet and Beauty Cottage. However, this kind of distribution will help reduce selling expense of the Company such as salesperson expense, rental fee, training cost, commission, etc., causing net profit ratio of distribution of Made in Nature products to be in similar level with other products of the Company.

Moreover, in 2020 and 2019 BEAUTY distributed product in the term of consignment with both catalog and online channels such as King Power, 24Shopping, Friday Catalog, Watsons, Eveandboy and Konvy etc. The product price is in same rate with sales through consumer product channel. These revenue was approximately 3.60% to total revenue.



### Selling and Administrative Expense

Selling expense in 2020 and 2019 was 351.49 million Baht and 701.75 million Baht respectively or its proportion of 44.67% and 34.73% of total revenue respectively. The selling expense mainly was rental fee for branch operation of retail shops, in 2020 and 2019, rental expense was 14.67% and 13.18% of total revenue respectively. Other important selling expenses included employee expenses included commission of salespersons, in 2020 and 2019 estimated for the average proportion of 16.33% and 11.29% of total income respectively. In addition, in 2020 and 2019 advertising and sales promotion expenses, average of 6.78% and 5.63% of total income respectively. The proportion of selling expense to total income in 2020 increased from 2019. The percentage of selling expenses was higher than 2019 from the increasing portion of fixed costs comparing to the decreasing of sales value.

Administrative expenses in 2020 and 2019 were 106.23 million Baht and 234.11 million Baht respectively or its proportion was 20.36% and 11.59% of total revenue respectively. The administrative expense mainly was employee expenses. In 2020 and 2019, this expense proportion is 11.64% and 7.12% of total income. Other administrative expenses included travelling cost, training cost, bank charge, office expense, and other expenses. Anyhow, in 2020, such proportion increased due to total income decreased while some administrative expenses decreased from last year.

The loss from assets impairment of 2020 was 41.78 million, 41.78% of total sales. The major was from closing down of non-profitable stores which were affected by the COVID-19 situation.

In 2020, we adjusted the company's strategies and business plans to suit the changing environment. We performed restructuring the management, cutting costs in production and marketing areas, closing down non-profitable stores as well as downsizing the organization to suit the current business model and economic situation.

### Net profit (loss)

The Company's net profit (loss) in 2020 and 2019 were -104.88 million Baht and 232.58 million Baht respectively or the proportion was -13.33% and 11.51% respectively. Net profit decreased mainly came from sales and gross profit decreased but the company has the ability to control costs quite well.

The company foresees the long-term impact from this situation and has implemented varying strategies to minimize future risk. The objectives are to improve organizational agility, increase market competitiveness and reduce expense burden in the future. As a result, in 2020, the company invested a total of THB 80.90 million for business restructuring, which is considered as non-routine expenses. These were expenses from closing down non-profitable branches, namely fixed assets write-off and impairment, business loss from government's shopping mall lockdown policy, staff severance pay and the compensation offer for voluntary resignation, including other related situational expenses and also recognition of tax benefit from operating loss under Thai Accounting Standard no.12 (TAS12) THB 24.7 million. The net loss from operating was THB 48.8 million

## ● Financial Position Analysis for 2020 and 2019

### Asset

Total assets of the Company at the end of year 2020 and 2019 was 1,082.26 million Baht and 1,315.92 million Baht respectively, which is decrease about 17.76% of growth rate. The major was from Inventories, Temporary investments, Other long-term investments and Property, plant and equipment. Current assets at the end of year 2020 and 2019 was 694.03 million Baht and 901.12 million Baht respectively or its proportion was 64.13% and 68.48% of total assets respectively. The company's current assets consisted of following main assets;

(1) Cash and cash equivalent at the end of year 2020 and 2019 was 175.94 million Baht and 154.66 million Baht respectively or its proportion was 16.26% and 11.75% of total asset respectively.

(2) Net account receivables at the end of year 2020 and 2019 were 58.64 million Baht and 91.59 million Baht respectively or its proportion was 5.42% and 6.69% of total asset respectively. The Company had account receivables in low proportion compared to total assets as the Company sell almost of its products in cash and the account receivable day was 27 days. The Company has granted trade credit to consumer product receivable, franchise receivable, oversea wholesale receivable, and company employees. However, the collection period still remained at the level of 27 days. Moreover, over than 1 year overdue account receivables were unavailable for the Company.

(Unit: THB million)

Trade accounts receivable	31/12/2020		31/12/2019	
	MB.	%	MB.	%
Trade accounts receivable not due	41.00	97.45%	69.99	166.36%
Overdue trade accounts receivable :				
- Less than 3 months	1.06	2.51%	4.49	10.67%
- Over 3 months but less than 1 year	0.00	0.00%	0.11	0.26%
- Over 1 year but less than 2 year	0.02	0.04%	0.02	0.04%
<b>Total trade accountns receivable</b>	<b>42.07</b>		<b>74.60</b>	

(3) Inventories at the end of 2020 and 2019 were 209.02 million Baht and 354.87 million Baht respectively or it was 19.31% and 26.97% of total assets respectively. The Company's inventories could be separated into finished goods, packages and supplies as shown in following table.



(Unit: THB million)

Inventory	2020		< 1 Year 5 Month		1 Year 5 Month - 3 Year		> 3 Year	
	MB	%	MB	%	MB	%	MB	%
Finished goods	152.65	63.53%	99.25	65.02%	44.94	29.44%	8.46	5.54%
Packaging	79.45	33.07%	19.49	24.53%	43.54	54.79%	16.43	20.68%
Work in process	4.21	1.75%	4.21	100.00%	-	0.00%	-	0.00%
Supplies	3.98	1.66%	1.61	40.55%	1.44	36.25%	0.92	23.20%
<b>Total</b>	<b>240.29</b>	<b>100.00%</b>	<b>124.56</b>	<b>51.84%</b>	<b>89.92</b>	<b>37.42%</b>	<b>25.81</b>	<b>10.74%</b>
Allowance for devaluation of inventories	(31.28 )	-	(3.98 )	-	(16.76 )	-	(10.54 )	-
<b>Net</b>	<b>209.02</b>	<b>-</b>	<b>120.58</b>	<b>-</b>	<b>73.16</b>	<b>-</b>	<b>15.28</b>	<b>-</b>

The Company has had no policy to produce products by itself but applied the production order by allowing the manufacturers to supply all materials used in production. Therefore, almost inventories of the Company have been in form of finished goods and packages with average value of 98.34% of total inventories. However, finished goods will have policy for setting allowances of product devaluation and deteriorated products by considering from product aging day. For example, the allowance of skin care product has been set in faster rate than make-up and accessories due to their shorter sales life. If any products have been found damaged, expired or discontinued, the allowances will be 100% set for reserve. For packages, the allowance setting policy of the Company has been in the slower rate than finished goods since most packages can be used with many kinds of products and some parts can be reprinted for new labels in case of cancellation for product manufacturing. For supplies, most of them included employee uniform and other equipment and their devaluation and deterioration have already been set.

Inventories that have been set for devaluation and deterioration allowance reserves were mostly bottle, box, and stickers. The products with discontinued product as well as damaged finished goods will be separated as damaged warehouse. In 2020 and 2019, the Company set the allowance reserve in part of damaged product warehouse for 31.28 million Baht and 18.85 million Baht respectively. The Company's stock management and destruction of damaged product. Such destruction has complied with all criteria of Revenue Department.

At the end of 2020 and 2019, the Company had average inventory days for 287days and 215 days respectively. However, if calculating inventory days only for finished goods by the end of 2020 and 2019, it will be 217 days and 168 days respectively. However, the Company has regularly checked aging day of inventories and managed them according to the remaining aging day for each type of product, resulting in 65.02% of inventories in normal warehouse of the Company has been the product with not over than one year five months aging day and this has been regarded as the availability of low deteriorated product risk.

(4) At the end of 2020 and 2019, the Company had temporary investments for 250.43 million Baht and 300.00 million Baht respectively or 23.14% and 22.80% of total assets respectively. It was short-term deposit with many domestic financial institutions (Temporary investments consist of short-term deposit with financial institution due over 3 months but not over 1 year and without withdrawal restrictions).

Non-current asset by the end of 2020 and 2019 was 388.23 million Baht and 414.80 million Baht respectively or its proportion was 35.87% and 31.52% of total asset respectively. Major non-current asset of the Company included property, plant and equipment, by the end of 2020 and 2019 were 165.82 million baht and 230.52 million baht respectively, which is decrease about 28.07% of growth rate. The majors of decreasing assets were from fully calculated depreciation, closing shops and accrued assets impairment.

The significant value of non-current assets was Right-of-use assets (according to TFRS16 standards regarding leases). In addition, other non-current assets included rental deposit. Intangible asset included computer software.

## Liquidity

### (1) Cash Flow Liquidity

Cash flow from operating activity of the Company in 2020 and 2019 was 159.64 million Baht and 336.80 million Baht respectively. Cash flow for investment activity in 2020 and 2019 was used in 95.48 million baht and 99.62 million baht respectively, the major of reduction was the temporary investments and other long-term investments, the investment of fixed assets such as building construction, office furniture & equipment and computer software. For cash flow from funding activity in 2020 and 2019, it was used in 233.83 million Baht and 514.59 million Baht respectively, from dividend and rental commitment payment.

### (2) Liquidity Ratio

In 2020 and 2019, the Company had liquidity ratio for 4.30 times and 4.38 times respectively which was in good level since the Company had quite high cash requirement from operation. However, when considering from cash cycle, it was seen that the Company's cash cycle was better, in 2020 and 2019, the Company had cash cycle for 258 days and 177 days respectively with main cause from increase in average inventory days and increase in account payable days. However, the Company still had adequate liquidity for such long-term cash cycle management, resulting independence for short-term loan from financial institutions.



### Source of fund

Total liability of the Company by the end of 2020 and 2019 was 234.35 million Baht and 239.44 million Baht respectively. The important current liability has been as follows.

(1) Trade Account payable by the end of 2020 and 2019 was 28.72 million baht and 81.81 million baht respectively or its proportion was 2.65% and 6.22% of total assets respectively. The account payable days was 56 days and 50 days respectively. Account payable decreased in 2020 due to production plan was consistent with product ordering in 4th quarter 2019.

(2) Other Account payable consisted of accrued expense, Revenue Department payable, assets payable etc. By the end of 2020 and 2019, it was 59.29 million baht and 95.43 million Baht respectively or its proportion for 5.48% and 7.25% of total assets respectively.

(3) Shareholder's equity by the end of 2020 and 2019 was 847.90 million baht and 1,076.48 million Baht respectively. In 2020, shareholder's equity decreased from dividend payment of 2019 and revised rental leases agreement according to TFRS16 standards.

On 25 February 2020, the Board of Directors Meeting was approved the 2019 at the rate of THB 0.071 per share, amount of Baht 212.59 million or 91.41% of NPAT, for which the interim dividend was paid on 9 September 2019 at Baht 0.035 per share, amount of Baht 104.80million, the remaining dividend paid at Baht 0.036 per share, amount of Baht 107.79 million on 29 April 2020.

(4) Debt to Equity Ratio at the end of 2020 and 2019 was 0.28 times and 0.22 times respectively. which is still good that the Company used most of investment fund source from shareholder's equity to run the business, causing low financial risk and availability of liquidity in business operation.

### Audit fee

The financial statement of the Company was audited by Miss Suvimol Krittayakiem the Certified Public Account with license no. 2982 from D.I.A International Auditing Co., Ltd. with total expense in 2020 and 2019 for 1.46 million Baht and 1.46 million Baht respectively.

## ● *Factors Affecting Future Operation or Financial Position of the Company*

### Effect from Change of Distribution Channels

Made in Nature brand distributed through supermarket, modern trade and traditional trade. The cost of sales for such channel was higher than the distribution through retail shop channel that has currently been the major channel of the Company. If the Company had more sales proportion through this channel, it might likely cause decrease in gross profit margin of the Company. However, product distribution of both type of sales and consignment will reduce selling expense of the Company such as salesperson expense, rental fee, training cost and commission, etc., resulting in net profit margin of distribution through consumer product in similar level to other products of the Company. However, the Company has expected that the product distribution through this channel can access to consumers in wider range and it has expected that total income and net profit of the Company will increasingly in the future.

LIVE

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**beautiful**  
Life





# INDEPENDENT AUDITOR'S REPORT

## To The Shareholders of BEAUTY COMMUNITY PUBLIC COMPANY LIMITED

### Opinion

I have audited the accompanying financial statements of BEAUTY COMMUNITY PUBLIC COMPANY LIMITED (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BEAUTY COMMUNITY PUBLIC COMPANY LIMITED as at December 31, 2020, its 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 Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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.

### Presentation of valuation of inventories

As stated in notes 5.4 and 8 to financial statements, the Company has material amount of inventories in the financial statements as at December 31, 2020 for the amount of Baht 209.02 million presented at the lower of cost or net realizable value. The Company's products are classified as goods in fashion and popularity in products and packaging has been rapidly changed with high competition. As a result, the inventories presented at the lower of cost or net realizable value must be made the significant substantive judgment and estimation by the Management in measurement. The significant judgment of the Management comprise the consideration of inventories aging analysis report, determination of selling price, discount or sale promotion estimates in order to stimulate sales volume in the future. The assumption for such matter used by the Management may affect to the presentation of inventories and expenses arose from providing allowance for devaluation of inventories in statement of comprehensive income (if applicable).

I have obtained an assurance in respect of presentation of valuation of inventories, by included:

- Obtained an understanding of the sale plan and selling price determination policy of the Management and sale promotion policy in order to stimulate sale volume to meet a target as expected by the Management.
- Assessed the significant judgment of the Management related to the expected selling price in the future.  
Tested by sampling the preparation of inventories aging analysis report whether the preparation are conformed to the policy and corresponded with inventories aging, the calculation is corrected and allowance for devaluation is provided appropriately or not.
- Tested by sampling the calculation of cost of goods to ensure that the cost is correctly recorded.
- Observed physical count of goods at branches and major warehouse in the defection of goods including checked such goods and report of goods for destruction and taken into appropriate consideration for providing allowance for devaluation.
- Compared cost of goods and net realizable value which calculated from selling goods after the end of year deducted by the necessary costs for sales of those assets that whether the cost of goods is lower than net realizable value or not.

### Emphasis Matter

I did not express a qualified conclusion on the following matters, I draw your attention to notes to interim financial statements as follows:

1. Notes 1.2 to financial statements, since the effects from Coronavirus disease 2019 (COVID-19) pandemic that the Company is unable to sell its products to customers through the branches at department store over a period of time along with the pandemic is still ongoing and in 2020, the Company has already to closed mainly branches hereafter which have significantly affected to the Company's financial statements.
2. Notes 3 to financial statements, the Company has prepared financial statements for the year ended December 31, 2020, the Company elected to adopt the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives Dealing with The Impact of COVID-19 Pandemic issued by the Federation of Accounting Profession



## Other Information

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

My opinion on the financial statements does not cover the other information and I do not and will 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 identified above 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 Company, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 judgment and maintain professional skepticism throughout the audit. I also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.



However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with 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.

D I A International Audit Co., Ltd.

(Mrs. Suvimol Chrityakierne) C.P.A.  
(Thailand) Registration No. 2982  
February 24, 2021



## Appendix 1

Detail of Executive and  
Regulator of the Company

on December 31, 2020



## Attachment 1

Detail of Executive and Regulator of Beauty Community Public Company Limited on December 31, 2020

Name - Surname	Age (year)	Education Qualification	Family Relationship among Executive	Shareholding in the Company	Working Experience in the Past 5 Years				Type of Business
					Period of Time	Position	Institute / Company's name		
ASSOC.PROF.DR.VICHIT U-ON	53	- Bachelor of Science (Agribusiness), Kasetsart University - Bachelor of Science (Agribusiness), Kasetsart University - Master of Arts Program in Agribusiness, Kasetsart University - Doctor of DBA(Marketing), The University of Sarasota, USA - Doctor of D.I.B.A – Nova Southeastern University, Florida, USA - Certificate of Director Accreditation Program (DAP), Thai Institute of Directors	-	-	2020 – Present	- Acting Chairman of the Board - Chairman of Audit Committee and Independent Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products	
					2017 – Present	- Chairman of Audit Committee and Independent Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products	
					2013 – Present	- Dean of Graduate College of Management	Sripatum University	Education	
					2009 – 2012	- Board of Directors and the working group	The Wisdom Society for Public Opinion Research of Thailand (WPORT)	Survey of Thai People's Opinion on Social and Economic Issues	
					2007 – 2012	- Former Director of Center Research Consumer Behavior	Sripatum University	Education	
Dr. SUWIN KRAIBHUBES	52	- Bachelor of Science, Faculty of Medicine, Chiang Mai University - Certificate of Director Accreditation Program (DAP), Thai Institute of Directors - Executives Capital Market Academy Program (OMA.18) - Global Business Leaders Program (GBL) from LEAD Business and Cornell University - Chief Transformation Officer (CTO) from The Stock Exchange of Thailand (SET)		9.50%	2018 - Present	- CEO / Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products	
					2017 – 2018	- CEO / Director / Deputy Director of Product Development & Purchasing Division	Beauty Community PCL	Distribution of skin Care and Cosmetics Products	
					2000 – 2016	- CEO / Director / Deputy Director of Marketing Division and Deputy Director of Product Development & Purchasing Division, Beauty Community PCL	Beauty Community PCL	Distribution of skin Care and Cosmetics Products	
Mrs. TANYAPON KRAIBHUBES	51	- Certificate in Nursing, Baromaraajanani College of Nursing, Pha Yao - Certificate of Director Accreditation Program (DAP), Thai Institute of Directors - Academy of Business Creativity (ABC), Institutional development of creative business, Sripatum University		11.70%	2000 –Present	- Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products	
					2000 – 2014	- Deputy Chief Executive Officer and Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products	



Name - Surname	Age (year)	Education Qualification	Family Relationship among Executive	Shareholding in the Company	Working Experience in the Past 5 Years			
					Period of Time	Position	Institute / Company's name	Type of Business
Ms. MONSOOTHATIP MALAUKARANUN	43	<ul style="list-style-type: none"> <li>- Bachelor of Science, Associated Medical Sciences, Chiang Mai University</li> <li>- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors</li> <li>- The Madanes Enneagram Coaching Methodology from NLP Life Mastery</li> <li>- Certificate of practitioner at Fundamental Level from ISTRONG Mental Health</li> </ul>	Young sister of Mrs.TANYAPON KRAIBHUBES	0.33%	2012 – Present	- Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
					2012 – 2013	- Executive Director and Director of Business Development and Corporate Communications Division	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
					2010 – 2011	- Assistant Manager of Products Division	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
					2009 – 2010	- Assistant Manager of Sales Division,	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
Dr. PEERAPONG KITVESHPOKAWAT	58	<ul style="list-style-type: none"> <li>- Bachelor of Science, Chiangmai University</li> <li>- Master of Business Administration Program in Marketing, Thammasat University and Gothenberg University, Sweden</li> <li>- Master of Business Administration Program in Retail Business, University of Sterling, United Kingdom</li> <li>- Mini MBA in Franchise Nova Southeastern University, USA and CFE (Certified Franchise Executive), International Franchise Association (IFA)</li> <li>- Doctor of Management, Sripatum University</li> <li>- Mini MBA in Franchise Nova Southeastern University, USA and CFE (Certified Franchise Executive), International Franchise Association (IFA)</li> <li>- Certificate of Director Accreditation Program (DAP), Thai Institute of Directors</li> </ul>	-	0.003%	2020 - Present	- Deputy Chief Executive Officer/ Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
					2018 – 2019	- Deputy Chief Executive Officer/ Chief Supply Chain Officer/ Chief Marketing Officer/ Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
					2017 – 2018	- Deputy Chief Executive Officer/ Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
					2011 – 2017	- Chairman of Audit Committee and Independent Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
					2007 – 2017	- Director	Business Coach & Consulting Co., Ltd.	consultant to advise commercial work
					1995 – 2017	- Director	B.T.C. Parts Center Co., Ltd.	Distribution of Motorcycle Parts



Name - Surname	Age (year)	Education Qualification	Family Relationship among Executive	Shareholding in the Company	Working Experience in the Past 5 Years			
					Period of Time	Position	Institute / Company's name	Type of Business
Col. ATTAPON SRISANGWARN	53	- Bachelor of Laws , Ramkhamhaeng University - Student of Royal Thai Army War College, 58 <sup>th</sup> class - Lawyer Government of Office of The Council of State - Certificate of Director Accreditation Program (DAP), Thai Institute of Directors	-	-	2017 – Present	- Special Operations of staff officer, the Provost Marshal General	the Provost Marshal General	Government ector
					2017 – 2018	- Head of legal department, Army United F.C.	Army United	Football club
					2016 – 2019	- Assistant Attached to the Member	the National Legislative Assembly	Government ector
					2015 - 2017	- Executive Committee of the Ruling Army	Army	Government ector
					2011 – Present	- Audit Committee and Independent Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
Mr. VIBOON POJANALAI	44	- Bachelor of Accounting, Thammasart University - Master of Science in Risk Management and Financial Derivatives, Georgia State University - Certificate Public Accountant (CPA) - Certificate of Director Accreditation Program (DAP), Thai Institute of Directors	-	-	2018 – Present	- Audit Committee and Independent Director	Halcyon Technology PCL	Distribution of equipment and metal parts
					2016 – Present	- Director	Thai Enger PCL	Construction
					2015 – Present	- Audit Committee and Independent Director	Dental Corporation Co.,Ltd	Medical Care
					2011 – Present	- Audit Committee and Independent Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
					2008 – Present	- Director	Asia Mineral Processing Co., Ltd.	Accounting audit service



Name - Surname	Age (year)	Education Qualification	Family Relationship among Executive	Shareholding in the Company	Working Experience in the Past 5 Years			
					Period of Time	Position	Institute / Company's name	Type of Business
<b>Ms. SIRIKAN PHATTIVERANON</b>	54	<ul style="list-style-type: none"> <li>- Bachelor of Business Administration (Second Class Honours), Faculty of Commerce and Accountancy, Chulalongkorn University</li> <li>- DIGITAL MARKETING CERTIFICATE PROGRAM – DMP, Thammasat University</li> <li>- Strategies and Innovation Creation, Thammasat University</li> </ul>	-	0.003%	2018 - Present	- Chief Operating Officer/ Executive Director	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
					2017 – 2018	- Executive Director/ Director Of Operations Department / Deputy Director of Marketing Division	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
<b>Mr. NORARIT KEETANON</b>	49	<ul style="list-style-type: none"> <li>- Bachelor of Engineering (B.E.), ASSUMPTION UNIVERSITY Major: Electronics</li> <li>- Master of MBA, OKLAHOMA CITY UNIVERSITY Major: Management Information System</li> <li>- Professional Certification Program NORTHWESTERN UNIVERSITY Major: E-Commerce</li> </ul>	-	0.002%	2017 – Present	- Executive Director/ Director of Information Technology	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
					2011 – 2016	- Executive Director, Manager of Information Technology and Executive Director of Business Continuity Plan	Reed Tradex Co.,Ltd	Organizer
					2002 – 2016	- Manager of Information Technology	U City CPL	Real Estate and Construction
<b>Mrs.DARANEE PATHETANG</b>	41	<ul style="list-style-type: none"> <li>- Bachelor of Science, Faculty of Economic, Kasetsart University</li> <li>- Company Secretary Program (CSP) Thai Institute of Directors</li> </ul>	-	0.002%	2012 - Present	Company Secretary and Secretary of CEO	Beauty Community PCL	Distribution of skin Care and Cosmetics Products
					2002 - Present	Secretary of CEO	Beauty Community PCL	Distribution of skin Care and Cosmetics Products







## APPENDIX 3

Beauty Community Public Company Limited  
Statement of Financial Position as at December 31, 2020



**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

(Unit: Baht)

Assets	Note	December 31, 2020	December 31, 2019
<b>Current assets</b>			
Cash and cash equivalents	6	175,942,839.82	154,656,264.42
Trade and other current receivables	7	58,637,717.45	91,589,398.55
Inventories	8	209,016,057.24	354,874,656.32
Other current financial assets/Current investments	9	250,432,214.58	300,000,000.00
<b>Total current assets</b>		<u>694,028,829.09</u>	<u>901,120,319.29</u>
<b>Non-current assets</b>			
Other non-current financial assets/Other long-term investments	10	-	50,000,000.00
Property, plant and equipment	11	165,821,307.64	230,516,554.63
Right-of-use assets	12	100,091,561.11	-
Leasehold rights	4	-	3,748,033.91
Other intangible assets	13	22,742,739.87	26,140,584.34
Deferred tax assets	14	43,633,326.52	12,543,168.14
Other non-current assets	15	55,937,561.81	91,850,298.12
<b>Total non-current assets</b>		<u>388,226,496.95</u>	<u>414,798,639.14</u>
<b>Total assets</b>		<u><u>1,082,255,326.04</u></u>	<u><u>1,315,918,958.43</u></u>

Notes to financial statements are parts of these financial statements.



**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT DECEMBER 31, 2020**

(Unit: Baht)

Liabilities and shareholders' equity	Note	December 31, 2020	December 31, 2019
<b>Current liabilities</b>			
Trade and other current payables	16	88,011,611.46	177,238,227.73
Current portion of lease liabilities	12	73,451,452.26	-
Accrued income tax		-	28,691,913.99
<b>Total current liabilities</b>		<u>161,463,063.72</u>	<u>205,930,141.72</u>
<b>Non-current liabilities</b>			
Lease liabilities	12	48,624,312.13	-
Non-current provisions for employee benefit	17	16,407,376.00	23,041,416.00
Other non-current provisions		5,820,645.00	6,892,177.00
Other non-current liabilities		2,036,750.00	3,574,900.00
<b>Total non-current liabilities</b>		<u>72,889,083.13</u>	<u>33,508,493.00</u>
<b>Total liabilities</b>		<u>234,352,146.85</u>	<u>239,438,634.72</u>
<b>Shareholders' equity</b>			
Share capital			
Authorized share capital			
3,022,610,000 common shares of Baht 0.10 each		<u>302,261,000.00</u>	<u>302,261,000.00</u>
Issued and paid-up share capital			
3,006,868,535 common shares of Baht 0.10 each	19	300,686,853.50	300,686,853.50
Share premium on ordinary shares	19	592,711,215.04	592,711,215.04
Equity-settled share-based payment		16,302,071.90	16,302,071.90
Treasury stocks	22	(99,690,176.42)	(99,690,176.42)
Retained earnings (deficit)			
Appropriated			
Legal reserve	20	30,226,100.00	30,226,100.00
Reserve for treasury stocks		99,690,176.42	99,690,176.42
Unappropriated		(92,023,061.25)	136,554,083.27
<b>Total shareholders' equity</b>		<u>847,903,179.19</u>	<u>1,076,480,323.71</u>
<b>Total liabilities and shareholders' equity</b>		<u>1,082,255,326.04</u>	<u>1,315,918,958.43</u>

Notes to financial statements are parts of these financial statements.



**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(Unit: Baht)

	<b>Note</b>	<b>2020</b>	<b>2019</b>
Revenues from sales		769,297,049.48	2,007,207,525.49
Cost of sales		(353,276,270.48)	(794,138,254.12)
<b>Gross profit</b>		<b>416,020,779.00</b>	<b>1,213,069,271.37</b>
Other income		12,948,544.69	6,429,267.94
Distribution costs		(351,485,421.93)	(701,750,900.95)
Administrative expenses		(160,225,784.48)	(234,107,427.35)
Impairment loss of assets		(41,777,733.55)	-
<b>Profit (loss) from operation activities</b>		<b>(124,519,616.27)</b>	<b>283,640,211.01</b>
Finance income		4,588,004.39	7,130,235.46
Finance costs	12.2.3	(10,907,235.38)	-
<b>Profit (loss) before income tax expense</b>		<b>(130,838,847.26)</b>	<b>290,770,446.47</b>
Tax income (expense)	14	25,956,989.88	(58,193,545.51)
<b>Profit (loss) for the period</b>		<b>(104,881,857.38)</b>	<b>232,576,900.96</b>
<b>Other comprehensive income :</b>			
Component of other comprehensive income that will			
not be reclassified to profit or loss			
Gains on remeasurements of defined benefit plans		4,331,153.80	-
Less Taxable effects		(866,230.76)	-
Other comprehensive income for the year		3,464,923.04	-
<b>Total comprehensive income (expense) for the period</b>		<b>(101,416,934.34)</b>	<b>232,576,900.96</b>
<b>Earnings per share</b>			
Basic earnings (loss) per share	27	(0.04)	0.08
Diluted earnings (loss) per share	27	(0.04)	0.08

Notes to financial statements are parts of these financial statements.



**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(Unit: Baht)										
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Equity-settled share-based payment	Treasury stocks	Retained earnings			Total shareholders' equity	
						Appropriated		Reserve for treasury stocks		Unappropriated
						Legal reserve				
<b>Balance as at January 1, 2019</b>		300,621,495.50	588,958,813.50	14,438,846.44	(99,690,176.42)	30,226,100.00	99,690,176.42	421,972,688.50	1,356,217,923.94	
Total comprehensive income for the year		-	-	-	-	-	-	232,576,900.96	232,576,900.96	
Share-based payments		-	-	2,413,085.00	-	-	-	-	2,413,085.00	
Exercise right of warrants to purchase ordinary shares		65,358.00	3,752,401.54	(549,859.54)	-	-	-	-	3,267,900.00	
Dividend paid	23	-	-	-	-	-	-	(413,198,708.42)	(413,198,708.42)	
Payments for interim dividend	23	-	-	-	-	-	-	(104,796,777.77)	(104,796,777.77)	
<b>Balance as at December 31, 2019</b>		300,686,853.50	592,711,215.04	16,302,071.90	(99,690,176.42)	30,226,100.00	99,690,176.42	136,554,083.27	1,076,480,323.71	
<b>Balance as at January 1, 2020</b>		300,686,853.50	592,711,215.04	16,302,071.90	(99,690,176.42)	30,226,100.00	99,690,176.42	136,554,083.27	1,076,480,323.71	
Cumulative effect of change in accounting policy	4	-	-	-	-	-	-	(19,369,242.02)	(19,369,242.02)	
Balance as at January 1, 2020 (after restated)		300,686,853.50	592,711,215.04	16,302,071.90	(99,690,176.42)	30,226,100.00	99,690,176.42	117,184,841.25	1,057,111,081.69	
Total comprehensive income (expense) for the year		-	-	-	-	-	-	(101,416,934.34)	(101,416,934.34)	
Dividend paid	23	-	-	-	-	-	-	(107,790,968.16)	(107,790,968.16)	
<b>Balance as at December 31, 2020</b>		300,686,853.50	592,711,215.04	16,302,071.90	(99,690,176.42)	30,226,100.00	99,690,176.42	(92,023,061.25)	847,903,179.19	

Notes to financial statements are parts of these financial statements.



**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(Unit: Baht)

	2020	2019
<b>Cash flows from operating activities</b>		
Profit (loss) for the year	(104,881,857.38)	232,576,900.96
Adjustment profit before income tax to cash receipt (disbursement)		
from operating activities		
Depreciation and amortization	120,578,459.83	53,680,982.51
Expected credit loss		
(2019: doubtful accounts of trade and other receivables)	(639,650.47)	280,513.79
Loss on devaluation of inventories	12,426,491.18	12,012,663.18
Loss on goods destruction	4,607,301.68	2,532,338.02
(Gain) loss on sales of assets	(114,001.37)	(206,938.12)
Loss on write off property, plant and equipment	23,630,385.38	5,696,460.58
Loss on write off right-of-use assets	47,056,527.11	-
Loss on write off deposits	9,743,241.65	-
Unrealized loss (gain) on derivatives	(432,214.58)	140,693.37
Loss on impairment of property, plant and equipment	1,988,381.31	-
Impairment loss on deposits	6,415,715.21	-
(Reversed) accrued income tax	-	(824,512.70)
Realized (income) expenditures for reward points	(4,483,191.74)	(13,495,681.60)
Non-current provisions for employee benefit	4,225,887.00	6,612,973.51
Expenses from share-based payments	-	2,413,085.00
Finance income	(4,588,004.39)	(7,130,235.46)
Finance costs	10,907,235.38	-
Tax (income) expense	(25,956,989.88)	58,193,545.51
Profit from operation before changes in		
operating assets and liabilities	100,483,715.92	352,482,788.55
(Increase) Decrease in changes of operating assets		
Trade and other current receivables	32,677,561.41	(8,938,110.66)
Inventories	128,824,806.22	223,415,634.77
Other non-current assets	19,753,779.45	7,611,633.89
(Increase) Decrease in changes of operating assets	181,256,147.08	222,089,158.00

Notes to financial statements are parts of these financial statements.



**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(Unit: Baht)

	<b>2020</b>	<b>2019</b>
Increase (Decrease) in changes of operating liabilities		
Trade and other current payables	(74,158,865.88)	(94,020,762.00)
Other non-current liabilities	(1,538,150.00)	(560,700.00)
Increase (Decrease) in changes of operating liabilities	(75,697,015.88)	(94,581,462.00)
Cash generated (paid) from operation	206,042,847.12	479,990,484.55
Employee benefit paid	(6,528,773.20)	-
Finance costs paid	(10,907,235.38)	-
Income tax paid	(28,966,157.21)	(143,186,371.43)
<b>Net cash provided by (used in) operating activities</b>	<b>159,640,681.33</b>	<b>336,804,113.12</b>
<b>Cash flows from investing activities</b>		
Proceeds from finance income	5,776,017.77	7,156,045.86
(Increase) Decrease in other current financial assets/current investment	50,000,000.00	160,000,000.00
(Increase) Decrease in other non-current financial assets/other long-term investment	50,000,000.00	(50,000,000.00)
Building and equipment acquisition	(5,685,961.25)	(15,106,628.94)
Proceeds from sales of equipment	187,492.69	267,149.59
Other intangible assets acquisition	(4,798,732.99)	(2,697,807.01)
<b>Net cash provided by (used in) investing activities</b>	<b>95,478,816.22</b>	<b>99,618,759.50</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(107,513,358.21)	(517,858,877.88)
Proceeds from exercise right of warrants to purchase of ordinary shares	-	3,267,900.00
Payments for lease liabilities	(126,319,563.94)	-
<b>Net cash provided by (used in) financing activities</b>	<b>(233,832,922.15)</b>	<b>(514,590,977.88)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>21,286,575.40</b>	<b>(78,168,105.26)</b>
Cash and cash equivalents as at the beginning of the year	154,656,264.42	232,824,369.68
<b>Cash and cash equivalents as at the end of the year</b>	<b>175,942,839.82</b>	<b>154,656,264.42</b>

Notes to financial statements are parts of these financial statements.



**BEAUTY COMMUNITY PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**1. GENERAL INFORMATION**

**1.1 Company's general information**

Beauty Community Public Company Limited ("the Company"), the Company was registered as a listed company in the Stock Exchange of Thailand on December 12, 2012. The registered address is located at 10/915, Soi Nuanchan 34, Nuanchan, Bungkum, Bangkok.

The principle business of the Company is to retail of cosmetics.

Names of major shareholders as at July 16, 2020, the last closing date of share transferring suspension register are as follows:

	Percentage of shareholding  (based on paid-up capital)
Mrs. Tanyapon Kraibhubes	11.72
Mr. Suwin Kraiphubet	9.50
Thai NVDR Company Limited	3.64
Mr. Pornpong Pornprapa	2.81

**1.2 Coronavirus disease 2019 pandemic**

The Coronavirus disease 2019 (COVID-19) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries such as the supply chain system, consumer expenditures, production limitation or interruption, delayed operations, etc.

This situation may affect the Company's inability to sell products through branches at department stores over a period of time and the Company has temporarily closed a lot of branches in Bangkok and up-countries but the head office still rendered the on-line services to the customers for products shopping. The Company has already closed some branches hereafter, which have significantly affected to the current and future statements of financial position, results of operation and cash flows. These impacts cannot be reasonably estimated at this moment. The management of the Company will continue to monitor the ongoing situation and assesses the financial impact on the value of assets, provisions and contingent liabilities and will consider to record such impacts whenever they are possible.



## 2. THE FINANCIAL STATEMENTS PREPARATION BASIS

The financial statements have been prepared in accordance with Thai Financial Reporting Standards (TFRS); including interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP) and the regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017 regarding the preparation and submission of financial statements and reports for the financial performance of the listed companies B.E. 2560. The format of presentation of the financial statements is not significantly different from the Notification of the Department of Business Development regarding the condensed form should be included in the financial statements (No.3) B.E. 2562 dated December 26, 2019.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

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.

## 3. NEW FINANCIAL REPORTING STANDARDS

### 3.1 Financial reporting standards adoption during the year

During the year, the Company has adopted a number of new and revised financial reporting standards, and interpretations (revised 2019) which are effective for the financial statements for the period beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However the new standard involves changes to key principles, which are summarized 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:



**Thai Financial Reporting Standards**

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

**Thai Accounting Standard**

TAS 32 Financial Instruments: Presentation

**Thai Financial Reporting Interpretations Committee**

TFRIC 16 Hedges of a Net Investments in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The above set of Thai Financial Reporting Standards (TFRSs) sets out the requirements for the classification and measurement of financial instrument at the fair value or amortized cost by considering from the type of instruments, contractual cash flow characteristics and the entity's business model, including the impairment methodology by using the expected credit loss, and the general hedge accounting, as well as the presentation and disclosures of financial instrument. When this set of TFRSs are effective, as a result, some currently effective accounting standards, interpretations and guidance will be cancelled.

The Company adopted these standards which have no significant impacts on the Company'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 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Company has recognized the effect of initial applying this standard by making adjustment of retained earnings as at January 1, 2020 and the comparative financial statements were not restated.

Cumulative effects of adoption new TFRS are detailed in notes 4 to the financial statements.



### **Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On April 22, 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 January 1, 2020 and December 31, 2020.

The Company has elected to apply the following temporary relief measures on accounting alternatives:

- Not to account for any discount in lease payments by lessors from COVID-19 situation as a lease modification, with the lease liabilities that come due in each period discounted in proportion to the discount and depreciation of right-of-use assets and interest on lease liabilities recognized in each period reversed in proportion to the discount, any differences are recognized in profit or loss.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.
- Not to take into account forward-looking information when determining expected credit losses, in cases where the Company uses a simplified approach to determine expected credit losses.
- Not to use information relating to the COVID-19 situation where is uncertainty that may affect the estimation of taxable profit in the future in determining whether sufficient taxable profit will be available in the future period against which deferred tax assets can be utilized.



### **3.2 Financial reporting standards that became effective for fiscal years beginning on or after January 1, 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for the financial statements for the fiscal year beginning on or after January 1, 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 Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

## **4. CUMULATIVE EFFECTS FROM ADOPTION OF NEW FINANCIAL REPORTING STANDARDS**

### **TFRS 16 Leases**

As described in notes 3.1 to the financial statements, during the current year, the Company has adopted financial reporting standard related to TFRS 16. The cumulative effect of initially applying this standard is recognised as an adjustment to retained earnings as at January 1, 2020. Therefore, the comparative information was not restated. The Company has elected to apply this standard to the leases previously classified as operating leases and leasehold rights by recognition right-of-use assets as lease-by-lease basis. The carrying amount of the right-of-use assets at if the Standard had been applied since the commence date, but discounted using the lessee's incremental borrowing rate as at January 1, 2020.



The impacts on the beginning balance of retained earnings of 2020 from change in accounting policy due to the adoption of this standard are presented as follows:

(Unit: Baht)

	December 31, 2019	The impacts of TFRS 9	The impacts of TFRS 16	January 1, 2020
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Current investments	300,000,000.00	(300,000,000.00)	-	-
Other current financial assets	-	300,000,000.00	-	300,000,000.00
Other long-term investments	50,000,000.00	(50,000,000.00)	-	-
Other non-current financial assets	-	50,000,000.00	-	50,000,000.00
Right-of-use assets	-		206,630,226.63	206,630,226.63
Leasehold rights	3,748,033.91		(3,748,033.91)	-
Deferred tax assets	12,543,168.14		5,999,399.26	18,542,567.40
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	-		161,899,477.26	161,899,477.26
<b>Non-current liabilities</b>				
Lease liabilities	-		70,979,711.79	70,979,711.79
Trade and other current payables	177,238,227.73		(4,628,355.05)	172,609,872.68
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	136,554,083.27		(19,369,242.02)	117,184,841.25



**Leases**

The reconciliation between lease liabilities as at January 1, 2020 and operating lease obligations as at December 31, 2019 which disclosed in accordance with TAS 17 as follows:

	<i>(Unit: Baht)</i>
Operating lease commitments as at December 31, 2019	219,540,357.61
Less: Short-term leases and leases of low-value assets	(13,268,509.33)
Add: Reversed of straight-line basis adjustment	4,628,355.05
Less: Deferred interest expenses	(37,910,054.62)
Add: Increase in lease liabilities due to initial adoption TFRS 16	59,889,040.34
Lease liabilities as at January 1, 2020	<u>232,879,189.05</u>
Comprise of:	
Current lease liabilities	161,899,477.26
Non-current lease liabilities	<u>70,979,711.79</u>
	<u>232,879,189.05</u>

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

	<i>(Unit: Baht)</i>
Land	11,262,359.70
Space rental in department store and warehouse	191,393,891.26
Vehicles	<u>3,973,975.67</u>
<b>Total right-of-use assets</b>	<u>206,630,226.63</u>



## **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **5.1 Revenues and expenses recognition**

#### **Revenues from sales**

Revenues from sales, the Company considers that the most performance obligation is satisfied. Revenues from sales are recognized when the control of goods has been transferred to the customers, being at the point of goods are delivered. Revenues from sale are presented at realizable value or expected value of delivered goods after deducting by the products expected to be returned, special discount and other discount excluded value added tax.

#### **Revenues from sale with consignment**

Revenues from sale of goods to the distributor (consignee) with the condition of receipt the goods payment from the distributor when the goods have been sold to the third parties. The Company will recognize as income when the distributor transferred the control of goods to the third parties when the goods are delivered

#### **Sales of goods - Customer Loyalty programmers**

The Company operates a loyalty program which allows customers to accumulate points when they purchase products in the Company's retail stores. The points can then be redeemed for special discounted goods in the future. Certain sales consideration is allocated to the points issued, at their fair value. The fair value of the points issued is deferred and recognized as revenue when the points are redeemed and the Company fulfill their obligations to supply awards.

#### **Other income and expenses**

Other income and expenses are recognized on accrual basis.

### **5.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, cash at banks, bills of exchange which the original maturity is less than three months and without on withdrawal restrictions.

### **5.3 Trade and other current receivables**

Trade and other current receivables are stated at the net realizable 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 experiences and analysis of debtor aging.



**5.4 Inventories**

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the average basis.

**5.5 Other current financial assets**

Other current financial assets with financial institution due over three months but not over 1 year and are not subject to withdrawal restrictions.

**5.6 Other non-current financial assets**

Other non-current financial assets with financial institutions with the original maturity of more than one year and are not subject to restrictions on withdrawal.

**5.7 Property, plant and equipment**

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and provision for impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to its cost on the straight-line basis over the following estimated useful lives: -

	Number of years
Building and improvement	30, 20, 5
Furniture	5
Office tools and equipment	5
Computer	3
Vehicles	5

Land and construction in progress were not depreciated.

The Company has to include the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs as parts of cost of property, plant and equipment, the depreciation charge has to be determined separately for each significant parts of property, plant and equipment with the cost that is significant in relation to the total cost of the assets item. In addition, the Company will review the useful lives, residual value and depreciation method at least at each financial year-end.

The Company derecognised property, plant and equipment upon disposal or when no future economic benefit are expected from the use or disposal. Gains or losses on disposal of assets are recognized in profit or loss when the assets are derecognised.



## 5.8 Impairment of non-financial assets

At the end of each reporting period, the Company perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognized 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company 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 will be recognised in profit or loss immediately.



## 5.9 Leases

At inception of contract, the Company 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 Company as a lessee

#### Accounting policies adopted since January 1, 2020

The Company 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 (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

#### a) Right-of-use assets

Right-of-use assets are measured at cost, less any 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.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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	30 years
Space rental in department store and warehouse	2-10 years
Vehicles	2-5 years



## b) 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company 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.

## c) 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.

Accounting policies adopted before January 1, 2020

Lease in which substantially all the risk and rewards of ownership of assets remain with the lessor is accounted for as operating lease. Rentals applicable to such operating leases are charged to the statement of comprehensive income over the lease term.

Long-term leases which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized 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 liabilities, while the interest element is charged to the statements of comprehensive income over the lease period. The asset acquired under finance leases is depreciated at the lower of the useful life of the asset or the lease term.



Leasehold rights are stated at cost less accumulated amortization. Amortization is calculated by reference to cost of leasehold right on a straight-line basis over 10 years lease term.

### **The Company as a lessor**

#### *Financial lease*

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.

#### *Operating 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.

### **5.10 Other intangible assets**

Other intangible assets are computer software which is stated at cost less accumulated amortization and provision for impairment of assets (if any).

Amortization is determined by reference to the cost of assets on a straight-line basis over the estimated useful lives for approximate 10 years.

### **5.11 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 assets and liabilities**



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

Deferred tax liabilities are recognised for all taxable temporary differences but recognised deferred tax assets for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is on longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax items are recognized in correlation to the underlying transaction directly to shareholders' equity.

#### **5.12 Deferred income for reward points**

The deferred income arising from reward point program granted to the Company's customers. The deferred income is calculated based on the estimates of redemption rate of the reward points earned by the customers and average reward prices and is presented in other payable in the statements of financial position.

Authority in the planning and direction of the Company's operations.

#### **5.13 Provident fund and employee benefits**

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

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

##### **Provident fund**

The Company established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the external fund manager. The Company's employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in the statements of comprehensive income in the incurred period.



**Employee benefits**

The Company provide for post-employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method. The calculation was made by utilizing various assumptions about future events. The Company is responsible for the selection of appropriate assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary increment, and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis, the Company determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Company and consider the market yield based on Thai government bonds with currency and term similar to the estimated term of benefit obligation.

The Company recognized total actuarial gains (losses) incurred in other comprehensive income and employee benefit expense in profit or loss.

**5.14 Financial instruments****Accounting policies adopted since January 1, 2020**

The Company 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 Company business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

***Financial assets at amortised cost***

The Company 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 the income statement 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 the income statement.

These financial assets include derivatives, security investments held for trading, equity investments which the Company has not irrevocably elected to classify at FVTOCI 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 the income statement.

#### **Classification and measurement of financial liabilities**

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

The Company may elect to measure financial liabilities at FVTPL in order to eliminate or significantly reduce a recognition inconsistency (sometimes referred to as an accounting mismatch).

#### **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 Company has transferred substantially all the risks and rewards of the asset, or the Company 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 the income statement.

**Impairment of financial assets**

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company 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 January1, 2020**Receivables and allowance for doubtful accounts**

Receivables are stated at net of allowance for doubtful accounts (if any). Allowance for doubtful accounts are provided by considering the estimated uncollectible amount based on the historical experience of collection.



**Current investment**

Investments in available-for-sale securities are stated at fair value. The difference between book value and fair value are represented as unrealized gain (loss) on revaluation of investment in the statements of comprehensive income.

**5.15 Derivatives and hedge accounting**

The Company uses interest rate swaps as a derivative to hedge its interest rate risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes is recognised in the income statement unless the derivative is designated and effective as a hedging instrument under cash flow hedge. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

**Hedge accounting**

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedging relationship, the Company formally designates and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation, at the inception of the hedge and on an ongoing basis, includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the



Company will assess whether the hedging relationship meets the hedge effectiveness requirements, including analysis of the sources of hedge ineffectiveness and how the hedge ratio is determined.

A hedging relationship qualifies for hedge accounting if it meets all of the following hedge effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below.

#### ***Fair value hedges***

The change in the fair value of a hedging instrument is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the income statement.

Any adjustment to the carrying value of fair value hedges relating to items carried at amortised cost, is amortised through the income statement over the remaining term of the hedge using the effective interest method. The amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the income statement.



### 5.16 Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of financial reporting standards, including the level in the fair value hierarchy in which such valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as selling prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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



**5.17 Transactions in foreign currencies**

The Company records the transactions in foreign currencies converting into Thai Baht by using the exchange rates ruling on the transaction dates. The outstanding balances of accounts in foreign currencies as at the statements of financial position date are converted into Thai Baht by using the exchange rates ruling on the same day.

Gain or loss on exchange is taken into income or expense as incurred.

**5.18 Related party transactions**

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

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

**5.19 Provisions**

The Company recognizes a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, it is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognized should not exceed the amount of the provision.

**5.20 Share - based payments by equity instruments**

The Company recognized share - based payments plan by issuing warrants converted into ordinary shares on exercise to the directors and employees of the Company which granted as remuneration for their services rendering by the fair value of such share options at the granted date and is expensed in accordance with the vesting period conditional as determined in the plan and recognized "Equity-Settled share - based payment" in equity.

Estimating fair value for share-based payment transactions requires management to exercise judgement, and to apply assumptions, including as to the expected life of the share options, share price volatility and dividend yield.



## 5.21 Basic earnings per share

Earnings (Loss) per share as presented in the statements of comprehensive income is the basic earnings (loss) per share which is determined by dividing the profit for the year by the number of weighted average common shares issued and paid-up during the year.

Diluted earnings per share is calculated by dividing profit (loss) for the year by the weighted average number of ordinary shares outstanding during the period plus the number of ordinary share issued in the conversion of potential ordinary shares to ordinary shares as assumption that the conversion is made at the beginning of year or at the issuance date of the potential ordinary shares.

## 5.22 Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards 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 from these estimates. Significant judgements and estimates are as follows:

### **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.

### **Allowance for diminution in value of inventory**

The determination of allowance for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow-moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory.



**Leases****Determining the lease term with extension and termination options - The Company as a lessee**

In determining the lease term, the management is required to exercise judgement in assessing whether the Company 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 Company to exercise either the extension or termination option.

**Estimating the incremental borrowing rate - The Company as a lessee**

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate (IBR) to discount lease liabilities. The IBR is the rate of interest that the Company 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.

**Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Intangible assets**

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.



**Deferred tax assets**

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

**Non-current provisions for employees benefit**

The obligations under the defined benefit plans are 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.

**Deferred income for reward points**

The deferred income is calculated on the estimates of redemption rate of the reward points earned by the customers and average reward prices.

**6. CASH AND CASH EQUIVALENTS**

(Unit: Baht)

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Cash	1,117,807.75	3,368,839.25
Current accounts	5,151,673.36	25,765,177.04
Savings deposit	169,281,833.32	124,868,815.39
Unbilled credit card slip	391,525.39	653,432.74
Total	<u>175,942,839.82</u>	<u>154,656,264.42</u>

As at December 31, 2020, savings deposit and current account had interest rate ranking from 0.05% to 0.50% per annum (December 31, 2019, at 0.10% to 1.30% per annum).



**7. TRADE AND OTHER CURRENT RECEIVABLES**

	<i>(Unit: Baht)</i>	
	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>Trade accounts receivable</b>		
Franchise receivable	22,721.48	342,042.09
Other parties receivable	39,776,044.87	45,121,689.87
Sale with consignment agreement receivables	2,270,806.12	29,137,137.57
Total trade accounts receivable	42,069,572.47	74,600,869.53
Less Allowance for expected credit losses		
(2019: Allowance for doubtful accounts)	(62,684.44)	(702,334.91)
Trade accounts receivable - net	42,006,888.03	73,898,534.62
<b>Other current receivables</b>		
Prepaid expenses	11,337,048.03	8,029,435.70
Accrued interest	131,677.56	1,319,690.94
Goods deposit	135,810.00	936,266.47
Advance payment	-	725,400.00
Non-refund input tax	3,474,368.30	3,342,327.99
Prepaid value added tax	681,605.03	1,637,577.36
Others	870,320.50	1,700,165.47
Total other current receivables	16,630,829.42	17,690,863.93
Total trade and other current receivables	58,637,717.45	91,589,398.55

The Company has outstanding trade accounts receivable classified by aging as follows:

	<i>(Unit: Baht)</i>	
	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Trade accounts receivable due in term	40,997,242.03	69,987,358.83
Overdue trade accounts receivable		
- Less than 3 months	1,055,777.58	4,488,252.65
- Over 3 months but less than 1 year	416.00	110,165.70
- Over 1 year but less than 2 year	16,136.86	15,092.35
Total trade accounts receivable	42,069,572.47	74,600,869.53



**8. INVENTORIES**

(Unit: Baht)

	December 31, 2020	December 31, 2019
Finished goods	152,650,589.97	272,793,211.20
Packaging	79,453,236.89	78,779,582.11
Work in process	4,206,244.81	17,442,119.42
Supplies	3,982,624.58	4,709,891.42
Total	240,292,696.25	373,724,804.15
Less Allowance for devaluation of inventories	(31,276,639.01)	(18,850,147.83)
Net	209,016,057.24	354,874,656.32

**9. OTHER CURRENT FINANCIAL ASSETS/CURRENT INVESTMENTS**

(Unit: Baht)

	At interest rate per annum			
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Fixed deposits	0.82 - 0.90	1.60 - 1.85	250,000,000.00	300,000,000.00
Forward contracts			432,214.58	-
Total			250,432,214.58	300,000,000.00

In 2020, the Company has fixed deposits with two financial institutions for 12 months maturity (2019, three institutions for 6 months but less than 1 year maturity).

Forward contracts, derivatives assets held for trading are not defined in hedge accounting relationship, present at fair value through profit or loss.

**10. OTHER NON-CURRENT FINANCIAL ASSETS /OTHER LONG-TERM INVESTMENTS**

The Company has other non-current financial assets in form of fixed deposits with thirteen-month maturity at a local financial institution.that matured in 2020.

(Unit: Baht)

	At interest rate per annum			
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Fixed deposits	-	1.67	-	50,000,000.00



**11. Property, plant and equipment**

	Land	Building and improvement	Furniture - 27 -	Office tools and equipment	Computer	Vehicles	Construction in progress	(Unit: Baht)
								Total
<b>Cost:</b>								
As at January 1, 2019	19,240,000.00	139,764,581.94	228,851,686.21	103,837,230.07	37,266,363.82	17,537,373.09	2,659,652.28	549,156,887.41
Acquisition	-	270,309.50	9,958,771.01	3,111,864.15	1,822,646.97	-	901,847.07	16,065,438.70
Disposal	-	-	-	(3,016,531.85)	(396,968.11)	(77,100.00)	-	(3,490,599.96)
Transfer in (out)	-	-	-	3,531,499.35	-	-	(3,531,499.35)	-
Write off/adjustment	-	-	(38,178,413.21)	(5,272,606.61)	(2,493,637.99)	-	(30,000.00)	(45,974,657.81)
As at December 31, 2019	19,240,000.00	140,034,891.44	200,632,044.01	102,191,455.11	36,198,404.69	17,460,273.09	-	515,757,068.34
Acquisition	-	868,062.06	1,593,069.51	599,993.57	118,223.55	-	-	3,179,348.69
Disposal	-	-	(1,900.00)	(1,573,159.84)	(1,457,129.88)	-	-	(3,032,189.72)
Dismantled assets transferred to right-of-use assets	-	(5,103,350.00)	(924,577.00)	-	-	-	-	(6,027,927.00)
Write off/adjustment	-	(659,951.70)	(129,820,497.27)	(11,143,213.59)	(1,003,976.65)	-	-	(142,627,639.21)
As at December 31, 2020	19,240,000.00	135,139,651.80	71,478,139.25	90,075,075.25	33,855,521.71	17,460,273.09	-	367,248,661.10
<b>Accumulated depreciation:</b>								
As at January 1, 2019	-	(29,904,113.27)	(172,374,928.94)	(42,338,296.56)	(26,891,279.66)	(8,097,612.85)	-	(279,606,231.28)
Depreciation for the year	-	(6,317,509.21)	(21,602,582.10)	(13,818,897.80)	(6,301,376.31)	(1,302,502.73)	-	(49,342,868.15)
Depreciation for disposal	-	-	-	2,993,492.11	396,588.02	40,308.36	-	3,430,388.49
Write off/adjustment	-	-	34,125,867.30	3,719,458.52	2,432,871.41	-	-	40,278,197.23
As at December 31, 2019	-	(36,221,622.48)	(159,851,643.74)	(49,444,243.73)	(30,363,196.54)	(9,359,807.22)	-	(285,240,513.71)
Depreciation for the year	-	(6,067,774.01)	(13,054,179.01)	(12,659,610.96)	(4,046,713.80)	(1,125,068.89)	-	(36,953,346.67)
Depreciation for disposal	-	-	846.62	1,507,612.84	1,450,238.94	-	-	2,958,698.40
Dismantled assets transferred to right-of-use assets	-	644,931.27	154,004.73	-	-	-	-	798,936.00
Write off/adjustment	-	304,725.64	110,759,896.30	6,938,732.12	993,899.77	-	-	118,997,253.83
As at December 31, 2020	-	(41,339,739.58)	(61,991,075.10)	(53,657,509.73)	(31,965,771.63)	(10,484,876.11)	-	(199,438,972.15)
<b>Net book value:</b>								
As at December 31, 2020	19,240,000.00	93,799,912.22	9,487,064.15	36,417,565.52	1,889,750.08	6,975,396.98	-	167,809,688.95
Less Allowance for impairment loss	-	-	-	-	-	-	-	(1,988,381.31)
As at December 31, 2020 - net	19,240,000.00	93,799,912.22	9,487,064.15	36,417,565.52	1,889,750.08	6,975,396.98	-	165,821,307.64
As at December 31, 2019 - net	19,240,000.00	103,813,268.96	40,780,400.27	52,747,211.38	5,835,208.15	8,100,465.87	-	230,516,554.63



As at December 31, 2020 and 2019, part of buildings at net book value amount of Baht 81.85 million and Baht 89.56 million respectively are constructed on land leased from director as stated in note 18.2.

Depreciation for the year ended December 31, 2020 and 2019 amounted to Baht 36.95 million and Baht 49.34 million respectively.

As at December 31, 2020 and 2019, the Company has fixed assets at cost amount of Baht 88.25 million and Baht 145.53 million respectively which have been fully depreciated but are still in use.

## **12. RIGHT-OF-USE ASSETS/LEASE LIABILITIES**

The Company entered into lease of land, space in department store and warehouse, and motor vehicles for using in its operation. The lease period is averaged from 2 - 10 years.

Movements of right-off-use assets incurred during the year ended December 31, 2020, consist of:



**12.1 Right-of-use assets**

(Unit: Baht)

	As at January 1, 2020	Effects from adoption TFRS 16 Note 4	Received transfer of dismantled assets from property, plant and equipment	Increase	Decrease	Revised	As at December 31, 2020
<b>Cost</b>							
Land	-	13,267,086.83	-	-	-		13,267,086.83
Space rental in department store and warehouse	-	430,165,035.93	6,027,927.00	15,516,139.28	(164,106,941.19)		287,602,161.02
Vehicles	-	6,637,208.85	-	-	(1,283,761.93)		5,353,446.92
Total	-	450,069,331.61	6,027,927.00	15,516,139.28	(165,390,703.12)		306,222,694.77
<b>Accumulated depreciation</b>							
Land	-	(2,653,417.36)	-	(442,236.23)	-		(3,095,653.59)
Space rental in department store and warehouse	-	(238,122,454.44)	(798,936.00)	(77,452,746.67)	116,712,245.88		(199,661,891.23)
Vehicles	-	(2,663,233.18)	-	(2,332,285.79)	1,283,761.93	338,168.20	(3,373,588.84)
Total	-	(243,439,104.98)	(798,936.00)	(80,227,268.69)	117,996,007.81	338,168.20	(206,131,133.66)
Net book value	-	206,630,226.63	5,228,991.00	(64,711,129.41)	(47,394,695.31)	338,168.20	100,091,561.11
Depreciation for the year ended December 31, 2020							80,227,268.69

In 2020, the Company has affected the Coronavirus 2019 (COVID-19) pandemic situation, as a result, the Company has to close 107 branches which incurred the decreasing in right-of-use assets amount of Baht 47.39 million.



**12.2 Lease liabilities**

## 12.2.1 Lease liabilities as follows:

*(Unit: Baht)*

	<b>December 31, 2020</b>	<b>December 31,2019</b>
Lease liabilities	145,832,987.71	-
Less: Deferred interest income	<u>(23,757,223.32)</u>	-
Total	122,075,764.39	-
Less: Current portion of long-term lease	<u>(73,451,452.26)</u>	-
Lease liabilities - net	<u>48,624,312.13</u>	-

12.2.2 The increase and decrease of lease liabilities for the year ended December 31, 2020 are as follow:

*(Unit: Baht)*

Present value of minimum payment for lease as at January 1, 2020	
(Before restated)	-
Adjustment from adoption new TFRS 16 (note 4)	<u>232,879,189.05</u>
Present value of minimum payment for lease as at January 1, 2020	
(After restated)	232,879,189.05
Add: Increase during the year	15,516,139.28
Less: Repayment during the year	<u>(126,319,563.94)</u>
Present value of minimum payment for lease as at December 31, 2020	122,075,764.39
Less: Current portion of long-term lease	<u>(73,451,452.26)</u>
Lease liabilities - net	<u>48,624,312.13</u>

The Company entered into the lease of land for a period of 30 years, space of department store and warehouse for a period of 2 - 10 years and vehicles for a period of 2 - 5 years.



12.2.3 The Company has obligation to make minimum lease payment as at December 31, 2020

as follows:

	<i>(Unit: Baht)</i>			
	<b>Less than 1 year</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Total minimum lease payment				
to be paid	78,512,817.48	41,617,017.58	25,703,152.65	145,832,987.71
Deferred lease interest	<u>(5,061,365.22)</u>	<u>(7,599,076.04)</u>	<u>(11,096,782.06)</u>	<u>(23,757,223.32)</u>
Present value of the minimum lease				
Payment to be paid	<u>73,451,452.26</u>	<u>34,017,941.54</u>	<u>14,606,370.59</u>	<u>122,075,764.39</u>

Deferred interest recognised in statements of comprehensive income as finance costs

amount of Baht     10,907,235.38

Expenses related to lease for the year December 31, 2020 recognised in the following  
items in part of profit or loss.

	<i>(Unit: Baht)</i>
Depreciation of right-of-use assets	80,227,268.69
Interest expense on leases liabilities	10,907,235.38
Expenses relating to short-term leases and leases low-values assets	<u>33,823,374.80</u>
<b>Total</b>	<u><u>124,957,878.87</u></u>



### 13. OTHER INTANGIBLE ASSETS

	(Unit: Baht)	
	December 31, 2020	December 31, 2019
<b>Computer software</b>		
<b>Cost:</b>		
Beginning balance as at January 1	35,494,133.10	29,978,383.10
Acquisition	-	5,485,750.00
Transfer in (out)	-	30,000.00
Balance at the end of the year	35,494,133.10	35,494,133.10
<b>Accumulated amortization:</b>		
Beginning balance as at January 1	11,414,548.76	8,259,392.48
Amortization	3,397,844.47	3,155,156.28
Balance at the end of the year	14,812,393.23	11,414,548.76
<b>Net book value</b>	20,681,739.87	24,079,584.34
<b>Software under installation</b>		
Beginning balance as at January 1	6,986,130.00	5,372,630.00
Acquisition	-	1,643,500.00
Transfer in (out)	-	(30,000.00)
Balance at the end of the year	6,986,130.00	6,986,130.00
Less Allowance for devaluation of assets	(4,925,130.00)	(4,925,130.00)
Net	2,061,000.00	2,061,000.00
<b>Total</b>	22,742,739.87	26,140,584.34

Amortization of other intangible assets for the year ended December 31, 2020 and 2019 amounted to Baht 3.40 million and Baht 3.16 million respectively.

### 14. DEFERRED TAX / TAX EXPENSE

	(Unit: Baht)	
	December 31, 2020	December 31, 2019
Deferred tax assets	43,633,326.52	12,543,168.14
Deferred tax liabilities	-	-
Net	43,633,326.52	12,543,168.14



Movements of deferred tax assets and liabilities incurred during the year as follows:

					(Unit:Baht)
	As at January 1, 2020	Adjustment due to TFRS 16 adoption	Credit (charged) to		As at December 31, 2020
			Profit or loss	Other Comprehensive income	
<b>Deferred tax assets</b>					
Allowance for devaluation of goods	3,770,029.57	-	2,485,298.23	-	6,255,327.80
Allowance for devaluation of assets	985,026.00	-	397,676.26	-	1,382,702.26
Employee benefit obligations	4,608,283.20	-	(460,577.24)	(866,230.76)	3,281,475.20
Deferred income for reward points	2,976,976.74	-	(896,638.35)	-	2,080,338.39
Dismantling provisions	202,852.63	-	16,830.47	-	219,683.10
Allowance for devaluation of deposit	-	-	1,283,143.04	-	1,283,143.04
Deficit carried forward	-	-	24,733,816.07	-	24,733,816.07
Lease	-	5,999,399.26	(1,602,558.60)	-	4,396,840.66
<b>Total</b>	<b>12,543,168.14</b>	<b>5,999,399.26</b>	<b>25,956,989.88</b>	<b>(866,230.76)</b>	<b>43,633,326.52</b>



(Unit:Baht)

	As at January 1, 2019	Credit (charged) to		As at December 31, 2019
		Profit or loss	Other Comprehensive income	
<b>Deferred tax assets</b>				
Allowance for devaluation of goods	1,367,496.93	2,402,532.64	-	3,770,029.57
Allowance for devaluation of assets	985,026.00	-	-	985,026.00
Employee benefit obligations	3,285,688.50	1,322,594.70	-	4,608,283.20
Deferred income for reward points	5,676,113.06	(2,699,136.32)	-	2,976,976.74
Dismantling provisions	100,585.74	102,266.89	-	202,852.63
<b>Total</b>	<b>11,414,910.23</b>	<b>1,128,257.91</b>	<b>-</b>	<b>12,543,168.14</b>

Tax (income) expenses for the year ended December 31, 2020 and 2019 can be summarized as follows:

(Unit:Baht)

	<b>2020</b>	<b>2019</b>
<i>Current tax:</i>		
Income tax for the year	-	59,321,803.42
<i>Deferred tax:</i>		
Deferred tax (income) derived from temporary differences and reversal of temporary differences presented in statement of comprehensive income	(25,956,989.88)	(1,128,257.91)
Tax (income) expense in statements of comprehensive income	<u>(25,956,989.88)</u>	<u>58,193,545.51</u>
Tax expense related to actuarial gains directly recorded to other comprehensive income	<u>866,230.76</u>	<u>-</u>
<b>Total</b>	<b><u>866,230.76</u></b>	<b><u>-</u></b>

Reconciliation amount between tax expense and multiplication of accounting profits and tax rates used for the year ended December 31, 2020 and 2019 can be presented as follows:

(Unit:Baht)

	<b>2020</b>	<b>2019</b>
Accounting profit(loss) before income tax	(130,838,847.26)	290,770,446.47



Income tax rates	20%	20%
Accounting profit before income tax multiply by tax rates	-	58,154,089.29
<i>Taxable effects for:</i>		
Accounting base differ from tax base		
different from expenses	(25,956,989.88)	39,456.22
Total	(25,956,989.88)	39,456.22
Tax (income) expense presented in statements of		
comprehensive income	(25,956,989.88)	58,193,545.51
Effective income tax rate	-	20.01%

## 15. OTHER NON-CURRENT ASSETS

(Unit: Baht)

	December 31, 2020	December 31, 2019
Rental and services deposit	59,986,968.26	88,924,575.19
Others	2,366,308.76	2,925,722.93
Total	62,353,277.02	91,850,298.12
Less Allowance for impairment of deposit	(6,415,715.21)	-
Net	55,937,561.81	91,850,298.12

## 16. TRADE AND OTHER CURRENT PAYABLES

(Unit: Baht)

	December 31, 2020	December 31, 2019
Trade accounts payable	28,721,067.15	81,805,862.07
Other current payables		
Accrued expenses	36,880,612.32	46,790,880.48
Revenue Department payable	2,386,231.96	8,809,091.24
Assets payables	6,200,452.26	12,870,632.76
Amount received advance for goods	2,372,571.82	5,787,270.79
Deferred income for reward points	10,401,691.96	14,884,883.70
Accrued dividend	792,350.51	514,740.56



Others	256,633.48	5,774,866.13
Total other current payables	59,290,544.31	95,432,365.66
Total trade and other current payables	88,011,611.46	177,238,227.73

As at December 31, 2020, the Company has amounts received in advance for goods of Baht 2.37 million, and has performance obligation to distribute goods to customers amount of Baht 2.37 million.

## 17. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

Non-current provisions for employee benefit are compensation paid to employees when they retired for the year ended December 31, 2020 and 2019, are as follows:

	(Unit: Baht)	
	2020	2019
Non-current provisions employee benefit obligations		
as at January 1	23,041,416.00	16,428,442.49
Current costs of services and interest	4,225,887.00	3,588,719.51
Past cost of services	-	3,024,254.00
Actuarial loss recognized in statement of other comprehensive income during the year	(4,331,153.80)	-
Employee benefit paid during the year	(6,528,773.20)	-
Non-current provisions employee benefit obligations as at December 31	16,407,376.00	23,041,416.00

Long-term employee benefit expenses for the year ended December 31, 2020 and 2019 recognized in comprehensive income are summarized below:

	(Unit: Baht)	
	2020	2019
Distribution costs	831,367.00	1,293,433.45
Administrative expenses	3,394,520.00	5,319,540.06
Total	4,225,887.00	6,612,973.51



Actuarial (gains) and losses recognized in other comprehensive income arising from:

	(Unit: Baht)
	<b>2020</b>
Financial assumptions	(1,664,959.00)
Demographic assumptions	(1,689,610.00)
Experience adjustment	(976,584.80)
<b>Total</b>	<b>(4,331,153.80)</b>

Significant actuarial assumptions are summarized below:

	<b>2020</b>	<b>2019</b>
Discount rate	% per annum	% per annum
For monthly and daily staff	1.36	1.84
Salary increase rate		
For monthly and daily staff	5.21	7.18
Turnover rate		
For monthly and daily staff	0 - 60	0 - 61
Mortality rate		
For monthly staff and daily staff	According to Thailand TMO 2017 table	According to Thailand TMO 2017 table

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2020 are summarized below:

	(Unit: Baht)	
	Increase	Decrease
Discount rate (0.5% movement)	(849,166.00)	916,803.00
Future salary increase rate (0.5% movement)	790,711.00	(738,395.00)
Turnover rate (1% movement)	(1,739,773.00)	2,029,653.00



**18. TRANSACTION WITH RELATED PERSONS AND PARTIES**

The Company had transaction with related persons and parties. These transactions are related in the normal course of business and on the basis of the Company and related persons or parties concerned.

Relationship of the Company and related persons and parties can be summarized as follows:

<u>Related parties and persons name</u>	<u>Relationship</u>	<u>Related transactions</u>	<u>Pricing policy</u>
<i>Persons consist of: -</i>			
Mrs. Tanyapon Kraibhubes	Shareholder and director	The Company rent land and land with its construction (state as right of use assets and lease liabilities)	As indicated in agreement

- 18.1 Transactions between the Company with related persons and parties can be summarized as follow:

	<i>(Unit: Baht)</i>	
	For the year ended 31 December	
	<b>2020</b>	<b>2019</b>
<b>Land with its construction rental</b>		
Mrs. Tanyapon Kraibhubes	-	365,400.00
<b>Land rental</b>		
Mrs. Tanyapon Kraibhubes	-	1,276,293.00
<b>Interest expenses</b>		
Mrs. Tanyapon Kraibhubes	832,660.78	-
<b>Amortisation – right-of-use assets</b>		
Mrs. Tanyapon Kraibhubes	540,407.92	-



- 18.2 The balance with its related persons and parties as at December 31, 2020 and 2019 are as follow:

	(Unit: Baht)	
	2020	2019
<b>Non-current assets-rental deposit</b>		
Mrs. Tanyapon Kraibhubes	-	87,000.00
<b>Accrued rental</b>		
Mrs. Tanyapon Kraibhubes	-	3,638,538.00
<b>Right-of-use assets</b>		
Mrs. Tanyapon Kraibhubes	10,171,433.23	-
<b>Lease liabilities</b>		
Mrs. Tanyapon Kraibhubes	15,765,457.72	-

#### Land lease agreement

The Company has leasehold rights under land lease agreement dated June 11, 2013 for a period of 20 years. The rental is determined equal to the independent appraiser and according to the minutes of shareholders' general meeting for the year 2014 held on April 25, 2014, passed the resolution to amend agreement by making memorandum attached agreement by extending the lease period for another 10 years in the amount of Baht 16.44 million to total period of 30 years in the amount of Baht 38.28 million in accordance with agreement dated July 23, 2014. The lease agreement period is commenced on January 1, 2014 - December 31, 2043 (the counterparties agreed to collect rental since the completion of buildings and others construction or since January 1, 2016 whichever is earlier until the maturity of lease period). However, the Company started to record rental since January 1, 2014 onwards. The construction structured on such lease land was not transferred the ownership to the lessor, the lessee should dismantled such construction when the Company ceased the lease.

Since January 1, 2020, the Company recorded those lease as right of use assets as stated in notes 4 and 12.



As at December 31, 2020, the Company has to pay the remaining rental under lease as follows:

	(Unit: Baht)
Amount to be paid	
Within 1 year	1,006,020.00
Over 1 year but less than 5 years	4,325,886.00
Over 5 years (to year 30 <sup>th</sup> )	26,570,844.90
Total	<u>31,902,750.90</u>

## 19. PAID-UP SHARE CAPITAL / SHARE PREMIUM ON ORDINARY SHARES

Reconciliation

	Issued and paid-up share capital		Share premium on ordinary shares	Register date with the Ministry of Commerce
	Number of share (Share)	Paid-up share (Baht)	(Baht)	
As at January 1, 2020	3,006,868,535	300,686,853.50	592,711,215.04	
Increase share capital from				
exercise of warrants	-	-	-	-
As at December 31, 2020	<u>3,006,868,535</u>	<u>300,686,853.50</u>	<u>592,711,215.04</u>	

During the year, there is no exercise of warrants to purchase ordinary shares (ESOP Warrant-1)

## 20. LEGAL RESERVE

By virtue of the Public Companies Act B.E. 2535, the Company is required to set aside a legal reserve at least 5% of annual net profit after deduction with deficit brought forwards (if any) until the reserve reach an amount of 10% of the authorized share capital. Such legal reserve is not available for dividend distribution



**21. WARRANTS TO PURCHASE ORDINARY SHARES**

As at December 31, 2020, the remaining of ESOP Warrant-1 equal to 15,741,465 units, the last exercise period is on July 17, 2021.

**Reconciliation of warrants is as follows:**

	Warrants (Unit)
As at January 1, 2020	15,741,465
Decrease from exercise	-
As at December 31, 2020	15,741,465

**ESOP Warrant-1**

On April 25, 2016, the Annual General Meeting of shareholders for the year 2016 of the Company, passed a resolution to approve the issuance and offering 22,610,000 units of warrants to purchase ordinary shares the Company to the directors and management/employees of the Company.

Details are as follows:

Type	: Specific name of the holders
Offering price per unit	: Baht 0 per unit
Term of warrants	: not over 5 years from the date of issuance and offering of warrants
Exercise ratio	: 1 unit of warrant for 1 ordinary share
Exercise price	: Baht 5.00 per share
Qualification of persons who are entitled to warrants allocation as follows:	
	: The directors and a member of the Executive Committee who directly manages the Company's activities on the allocation date of warrants
	: Employee who work for the Company not less than 1 year on the allocation date of warrants



## Conditions and period of exercise:

- 1) Exercise date is on the 16<sup>th</sup> of January and July of each year. The first exercise date shall be on January 16, 2017 and the last exercise date shall be the expiration date of warrants, which is 5 years from the issue and offering date.
- 2) Warrant holders can exercise right to purchase new ordinary share in each year are detailed as follows:

Years	Exercise right not over than proportion of warrants (%)	Exercise date
1	15%	January 16, 2017 and July 17, 2017
2	35%	January 16, 2018 and July 17, 2018
3	55%	January 16, 2019 and July 17, 2019
4	75%	January 16, 2020 and July 17, 2020
5	100%	January 16, 2021 and July 17, 2021

- 3) For any unexercised warrants left in each exercise period, the remaining units can be accumulated and exercised during the following exercise period, until maturity of the warrants that any unexercised warrants shall be cancelled and terminated.

## Restrictions on the right of warrants

If the warrant holders resign or are otherwise no longer directors or employees of the Company, the warrant holders have to return the holding warrants to the Company, and the Board of Directors of the Company can re-allot the warrants to other directors and/or employees whose a qualification met with the criteria.

The estimated fair value of each share option granted is Baht 1.54. This was calculated using the Black-Scholes-Merton Model. The model inputs were the share price at price determination date of Baht 5.40, exercise price of Baht 5.00, expected volatility of 33.94%, expected dividend yield of 2.11%, life of share options of 5 years, and a risk-free interest rate of 1.80%.



## 22. TREASURY STOCK

According to the minutes of Board of directors No. 4/2018 held on July 9, 2018, passed the resolution to approved the share repurchase plan for financial management purposes and the company's excess liquidity management as detailed following:

- a) The maximum amount for the share repurchasing is not exceeding Baht 950 million.
- b) The maximum number of share repurchasing not exceed 64 million shares at par value of Baht 0.10 each or equity to 2.13% of total paid-up share capital as at March 14, 2018.
- c) The Company shall repurchase such shares on the Stock Exchange of Thailand by determining the repurchase price taking into average market price during the last 30 days prior to the date on which the Company discloses the information of shares repurchase. The repurchase price will not exceed the average closing price of 5 working days, prior to each repurchasing date plus 15% of such average closing price.
- d) The repurchase period will be started from July 24, 2018 to January 23, 2019.
- e) Period for the resale of share after 6 months from the completion date of the share repurchase and not later than 3 years from this time. The Company shall repurchase such share on the Stock Exchange of Thailand. The Company's Board of directors will determine the period for the offering of the repurchased shares and then inform the investors accordingly.
- f) The repurchase shares are not eligible to receive dividend.

As at December 31, 2020	Treasury stock
Number of shares (shares)	12,675,000
Average price per share (Baht)	7.865
Amount (Million Baht)	99.69



g) Changes of treasury shares in the year as follows:

	Treasury stock (Unit)
As at December 31, 2019	12,675,000
Increase - repurchased	-
Decrease - disposal	-
As at December 31, 2020	<u>12,675,000</u>

On January 23, 2019, is the last date for determining of treasury shares, as a result, the number of repurchased shares and for offering will be equal to the above presented number.

The Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to approximately Baht 99.69 million.

## 23. DIVIDEND

### 2020

According to the minutes of Board of directors' meeting No. 3/2020 held on March 30, 2020, passed the resolution to indefinitely postpone the 2020 caused by the Coronavirus disease 2019 (COVID-19) pandemic situation, and passed to pay dividend to the shareholders for 2,994 million shares at the rate of Baht 0.071 per share, totally Baht 213 million. The Company has already paid interim dividend in 2019 at Baht 0.035 per share amounting to Baht 105 million, the remaining dividend to be paid of Baht 0.036 per share amounting to 108 million. The payment of dividend is already made on April 29, 2020 and on August 27, 2020, the Annual General Meeting of shareholders for the year passed to approve the resolution.

### 2019

According to the Annual General Meeting of shareholders for the year 2019 held on April 25, 2019, passed the resolution to pay dividend from the 2018 results of operations to the shareholders for 2,994 million shares at Baht 0.30 each, amounting to Baht 898 million. The Company has already paid interim dividend in 2018 at Baht 0.162 per share amounting to Baht 485 million. The remaining dividend to be paid of Baht 0.138 per share amounting to 413 million. The Company has already paid such dividend on May 21, 2019.



**Interim dividend***2019*

According to the minutes of Board of directors No. 4/2019 held on August 13, 2019, passed the resolution to pay interim dividend from the results of operation for the six-month periods ended June 30, 2019 at Baht 0.035 per share amount of Baht 105 million. The Company has already paid such dividend on September 9, 2019.

**24. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES***24.1 Directors' remuneration*

Directors' remuneration is benefit paid to the Company's directors in accordance with the Section 90 of the Public Company Limited Act, excluded salaries and related benefits to be paid to executive directors.

*24.2 Management benefit expenses*

Management benefit expenses focus salaries, remunerations and other benefits paid to their directors and management, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels and includes the accounting and financial executive officer, the manager level above or persons in position comparable.

**25. PROVIDENT FUND**

The Company and employees have jointed to be a member of provident fund name "THE SIN SATA PORN REGISTERED PROVIDENT FUND" in accordance with the Provident Fund Act B.E. 2530. The Company and employees have to contribute to the fund at the same rate 3-5% of employees' salaries. The provident fund is managed by BBL Asset Management Co., Ltd. The employees will entitle the accumulation and benefit when they retired according to the provident fund regulation.

The Company has paid the contribution to the fund for the year ended December 31, 2020 amount of Baht 2.07 million.



**26. EXPENSES ANALYZED BY NATURE**

The significant expenses analyzed by nature for the year ended December 31, 2020 and 2019 are as follows:

	<i>(Unit: Baht)</i>	
	<b>2020</b>	<b>2019</b>
Changes in finished goods and work in progress	133,378,495.84	209,732,137.26
Purchase of goods	217,956,697.34	577,765,477.79
Employee benefit expenses	196,107,357.92	330,861,055.62
Management benefit expenses	26,044,986.16	41,606,372.53
Directors' remuneration	1,145,684.00	2,024,607.84
Depreciation and amortization	40,351,191.14	53,680,982.51
Rental and services	34,512,857.80	256,294,225.42
Advertising and sale promotion expenses	55,340,525.95	116,274,473.53
Loss on devaluation of inventories	12,426,491.18	12,012,663.18
Loss on goods destruction	4,607,301.68	2,532,338.02
Depreciation right-of-use assets	80,227,268.69	-

**27. EARNINGS PER SHARE**

Basic earnings per share and diluted earnings per share for the year ended December 31, 2020 and 2019 are as follows:

<i>(Unit: Baht)</i>						
	For the year					
	December 31, 2020			December 31, 2019		
	Weighted average		Earnings	Weighted average number		Earnings
	Profit (Loss)	number of ordinary shares		Profit (Loss)	of ordinary shares	per share
Basic earnings(loss) per share	(104,881,857.38)	2,994,193,535	(0.04)	232,576,900.96	2,994,150,560	0.08
Effects of dilutive potential ordinary shares	-	-	-	-	-	-
Diluted earnings(loss) per share	(104,881,857.38)	2,994,193,535	(0.04)	232,576,900.96	2,994,150,560	0.08



Diluted earnings per share for the year 2020 and 2019 were not calculated since the average market price is lower than the exercise price.

## 28. FINANCIAL INFORMATION BY SEGMENT

The core operating segment information is to distribute cosmetic by retail and non-retail channel. This operating segment information is reported corresponding with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance. The chief operating decision makes of the Company has been identified as the President of executive management.

Revenues from sales involved in geographical both in domestic and overseas are as follows:

	<i>(Unit: Baht)</i>	
	2020	2019
Domestic sales	633,085,430.70	1,862,428,391.15
Oversea sales	136,211,618.78	144,779,134.34
Total	<u>769,297,049.48</u>	<u>2,007,207,525.49</u>

### *Major customer's information*

In 2020, the Company has revenues from a customer in the amount of Baht 103.83 million which the value exceed than 10% of revenues of the Company (2019, there is no revenue equal to or exceed than 10% of revenues of the Company)

## 29. COMMITMENT AND CONTINGENT LIABILITIES

- 29.1 As at December 31, 2020, the Company has obligations under lease of space and services agreements of the Company's branches for the periods less than, remain amount of Baht 0.97 million.

As at December 31, 2020, the Company had no obligations under land lease agreements as a result of the adoption of the TFRS 16 as at January 1, 2020. The Company recognised the lease liabilities previously classified as operating lease at the present value of the remaining lease payments, discounted using the Company incremental borrowing rate, as described in notes 4 to the financial statements.



29.2 The Company is liable on payment under capital expenditures agreement as at December 31, 2020, amount of Baht 3.27 million.

29.3 The Company has the remaining obligations to paid under agreement for purchasing raw materials and finished goods as at December 31, 2020 amount of Baht 55.49 million.

## 30. FINANCIAL INSTRUMENTS

### 30.1 Financial risk management policies

The Company are exposed to any financial risks which included credit risk, market risk (including currency risk and interest risk) and liquidity risk. The overall risk management policies of the Company that focuses the risk management from fluctuation of unforeseeable financial market to create the minimal negative impacts on results of financing operation. The Company used the derivatives to hedge risk exposures as follows:

#### *Liquidity risk*

The Company manages liquidity risk by maintaining adequate cash and cash equivalents to support the Company's working capital.

#### *Exchange rate risk*

The Company exposed to foreign currencies exchange rate risk in the minimum level since the business transactions denominated in Thai Baht currency.

The Company has forward contract lines from two financial institutions for the amount of Baht 50 million and USD 3 million.

The Company has derivatives by entering into forward contract as at December 31, 2020 as follows:

Currency	Selling amount	Exchange rate	Due date
	(Million Baht)	(Baht: Unit of Foreign Currency)	
USD	1.03	30.00 - 31.13	15 January 2021 - 29 March 2021



As at December 31, 2020 and 2019, the Company has assets and liabilities denominated in foreign currencies in the financial statements are as follows:

	(Million)	Currency	Exchange rate (Baht: Unit of Foreign Currency)
Trade and other current receivables	1.00	USD	29.8674

### ***Credit Risk***

The Company manages the risk by adopting appropriate credit control policies and therefore does not expect to incur material financial losses from commercial credit. The outstanding trade receivables are regularly monitored

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision for expected credit losses rates are used on days past due for groupings of various customer segments with similar credit risks, the groupings are considered from their nature of business. The calculation of expected credit losses reflects the reasonable and supportable, information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

### ***Liquidity risk***

The Company needs liquidity to be able to meet its commercial obligations where the Company is responsible for maintaining adequate reserves of and credit limits raising both in the Company and other financial institutions to meet the required liquidity under the Company's framework.

The Company has assessed the lack of liquidity risk by continuously planning liquidity risk management and maintaining adequate reserves of cash, deposits at bank, undrawn credit facilities and unconditions credit facilities.



**Interest Rate Risk**

Interest rate risk derives from changes in market interest rate resulting to the Company's operation and cash flows. The Company has interest rate risk from deposit at bank and lease liabilities bear floating interest rates and fixed interest rates which are close to market rate.

As at December 2020 and 2019, significant financial assets and financial liabilities can be classified by type of interest rate with those financial assets and financial 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)

	December 31, 2020					
	Fixed interest rate					
	Within	Over	Floating	Non-		Effective
		1 - 5	Interest	interest		interest
	1 year	year	rate	rate	Total	rate
						(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	169.67	6.27	175.94	0.05 - 0.50
Trade and other current						
receivables	-	-	-	58.64	58.64	
Other current financial assets	250.43	-	-	-	250.43	0.82 - 0.90
	250.43	-	169.67	64.91	485.01	
<b>Financial liabilities</b>						
Trade and other current						
payables	-	-	-	88.01	88.01	-
Lease liabilities	122.08	-	-	-	122.08	6.75
	122.08	-	-	88.01	210.09	



(Unit: Million Baht)

December 31, 2019					
	Fixed interest rate		Non- interest rate	Total	Effective interest rate (% p.a.)
	Within 1 year	Over 1 - 5 year			
			Floating Interest rate		
<u>Financial assets</u>					
Cash and cash equivalents	-	-	125.52	29.14	154.66
Trade and other current receivables	-	-	-	91.59	91.59
Current investments	300.00	-	-	-	300.00
Other long-term investments	-	50.00	-	-	50.00
	<u>300.00</u>	<u>50.00</u>	<u>125.52</u>	<u>120.73</u>	<u>596.25</u>
<u>Financial liabilities</u>					
Trade and other current payables	-	-	-	177.24	177.24
	<u>-</u>	<u>-</u>	<u>-</u>	<u>177.24</u>	<u>177.24</u>

From analysis the effects of changes in interest rates, the Company has no significant impacts since the Company had no liabilities bearing market interest rates.

### 30.2 Fair value of financial instruments

Since the financial assets and financial liabilities are classified in short-term or bearing interest rate closely to market rate, and loans denominated in Thai Baht bearing the market interest rate. The Company management assessed fair value of financial assets and financial liabilities presented in statements in financial position closely to their carrying value.

The methodology and assumption used in estimate of fair value of financial instrument are as follow:

- Financial assets and financial liabilities with short-term maturity, such as cash and cash equivalents, receivable, payables are presented fair value by estimating in accordance with carrying value in statements in financial position.
- Long-term liabilities bearing interest at fixed rate are presented fair value by calculating present value of future cash outflows discounted by estimated make interest rate for financial instruments with similar term.



The Company has the remaining forward contract as at December 31, 2020 as follows:

Currency	Purchase amount	Selling amount	Forward rate		Due date
			Purchase amount	Selling amount	
			(Baht: Unit of Foreign Currency)		
USD	-	1,030,759.50	-	30.00 - 31.13	15 January 2021 - 29 March 2021

### **Fair value of financial instruments**

As at December 2020 and 2019, the Company presented book value of financial assets and financial liabilities which measured at fair value including presented the fair value hierarchy for financial instruments.

(Unit: Baht)

	As at December 31, 2020			
	Book value			Fair value
	Fair value through profit or loss	Amortized cost	Total	
<b>Financial assets</b>				
Cash and cash equivalents	-	175,942,839.82	175,942,839.82	175,942,839.82
Trade and other current receivables	-	58,637,717.45	58,637,717.45	58,637,717.45
Other current financial assets	-	250,432,214.58	250,432,214.58	250,432,214.58
<b>Total financial assets</b>	<b>-</b>	<b>485,012,771.85</b>	<b>485,012,771.85</b>	<b>485,012,771.85</b>
<b>Financial liabilities</b>				
Trade and other current payables	-	88,011,611.46	88,011,611.46	88,011,611.46
Lease liabilities	-	122,075,764.39	122,075,764.39	122,075,764.39



<b>Total financial liabilities</b>	<b>-</b>	<b>210,087,375.85</b>	<b>210,087,375.85</b>	<b>210,087,375.85</b>
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(Unit: Baht)

As at December 31, 2019				
	Book value			Fair value
	Fair value through profit or loss	Amortized cost	Total	
<b>Financial assets</b>				
Cash and cash equivalents	-	154,656,264.42	154,656,264.42	154,656,264.42
Trade and other current receivables	-	91,589,398.55	91,589,398.55	91,589,398.55
Current investments	-	300,000,000.00	300,000,000.00	300,000,000.00
Other long-term investments	-	50,000,000.00	50,000,000.00	50,000,000.00
<b>Total financial assets</b>	<b>-</b>	<b>596,245,662.97</b>	<b>596,245,662.97</b>	<b>596,245,662.97</b>
<b>Financial liabilities</b>				
Trade and other current payables	-	177,238,227.73	177,238,227.73	177,238,227.73
<b>Total financial liabilities</b>	<b>-</b>	<b>177,238,227.73</b>	<b>177,238,227.73</b>	<b>177,238,227.73</b>

Book value of financial assets and financial liabilities presented in statements of financial position are approximately closed to their fair value.



**31. FAIR VALUE HIERARCHY**

As at December 31, 2020, the Company had the assets that were measured at fair value and liabilities for which fair value were disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	Financial Statements as at December 31, 2020			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
- Forward contracts	-	0.43	-	<b>0.43</b>

**32. CAPITAL MANAGEMENT**

The objective of capital management of the Company is to appropriate properly financial structure and to preserve the ability to continue its operation as a going concern.

As at December 31, 2020, the Company has debt to equity ratio equal to 0.28 fold.

**33. FINANCIAL STATEMENTS APPROVAL**

These financial statements were approved and authorized for issue by the Company's Board of directors on February 24, 2021.



# Company's PHILOSOPHY

- *Creative*
- *Dynamic*
- *Sustainable*

*“ International  
Beauty & Health  
Business ”*