

# 2020 Annual Report

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2563

## Message from the Board of Directors



A handwritten signature in black ink, appearing to read 'Prakarn Tawisuwan'.

(Mr. Prakarn Tawisuwan)

Chairman of the Board of Directors

Dear Shareholders,

Overall, the world economy throughout 2020 continued to face challenges and changes from the global economic slowdown and period of recovery due to the pandemic of the COVID-19. The situation trends to improve because many countries have started vaccinating their people against the disease. However, the second and third outbreaks occurred in late 2020 has caused the downturn in economies in developed countries, particularly in Europe and continued to the beginning of 2021. During the third quarter of 2020, the impact of the second and third COVID-19 epidemic situation continued to intensify towards the year end, forcing those countries to adopt a lockdown measure. This situation resulted in shrinking of global economy except for China which in contrast had a 2.3 percent in GDP growth.

The Thai economy still faced challenges and changes from the economic downturn caused by the situation of the COVID-19 epidemic, impacting an increase in the unemployment rate, household debt and bad debt to a high level as well as significant decrease in tourism. Major decline in the Thai economy stemmed from COVID-19 epidemic control measures announced by the government to shut down the country causing zero number of tourists for several months. However, the government has relaxed the measures to stimulate domestic spending through various projects. A slight exposure to welcome Chinese tourists at the end of October 2020 resulted in a steady growth of the overall domestic spending. However, private investment has declined. Thailand's per capita income decreased by 8 percent from 2019.

However, during the slowdown of economic in 2020, Winner Group Enterprise Public Company Limited was still able to maintain total revenue of the Company and its subsidiary at 1,698 million Baht with 50 million Baht increase from the previous year of which an increase of 54 million Baht came from sales and service income. And in terms of profitability, the Company and its subsidiary had a net profit of 84 million baht, almost the same as in 2019. We have not given up our efforts and we are committed in new product development and distribution channels in order to achieve our main goal of continuously expanding the customer base to keep pace with the competition and challenges of the business in the future.

Finally, on behalf of the Board of Directors, executives and all employees, we would like to thank our shareholders, partners, customers, patrons, business partners, as well as all stakeholders for their trust, confident and supports. We would like to ensure that the Company will dedicate in doing business for sustainable returns to all shareholders and stakeholders in the future.

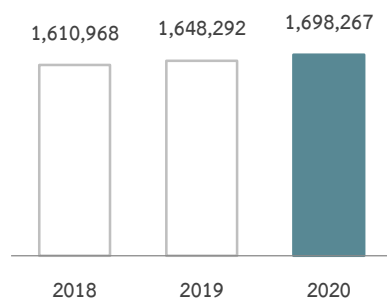
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# Financial Highlights

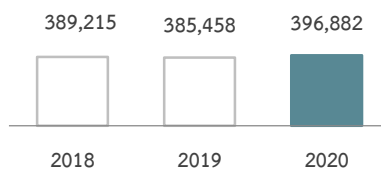
## Total Revenue

(Unit: Thousand Baht)



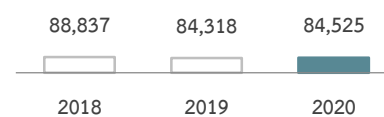
## Gross Profit

(Unit: Thousand Baht)



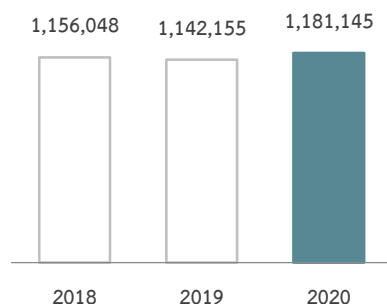
## Net Profit

(Unit: Thousand Baht)



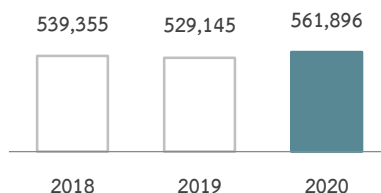
## Total Assets

(Unit: Thousand Baht)



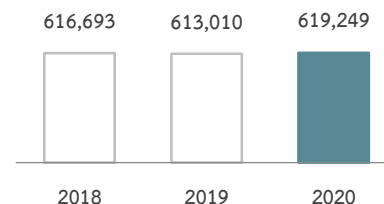
## Total Liabilities

(Unit: Thousand Baht)



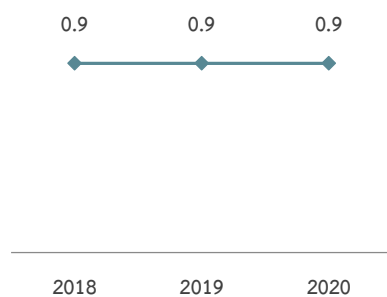
## Shareholders' Equity

(Unit: Thousand Baht)



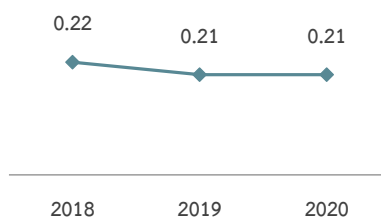
## Debt to Equity Ratio

(Unit: Times)



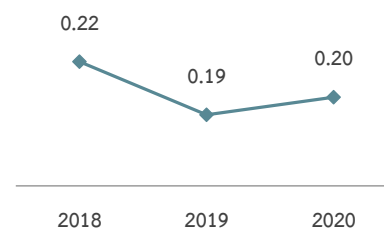
## Earnings per share

(Unit: Baht per share)



## Dividend

(Unit: Baht per share)



# The Board of Directors and Executives

## Mr. Prakarn Tawisuwan

Age (Years): 74

Chairman of the Board of Director / Independent Director /

Chairman of the Audit Committee



**No. of shares held** (as at August 28, 2020)

- None -

**Relationship with Directors and Management**

- None -

**Starting Date of Directorship**

April 10, 2013

**Education**

- Master of Business Administration Program (XMBA), Thammasat University
- Bachelor of Economics, Thammasat University
- Director Certification Program (DCP) 75/ 2006, Thai Institute of Directors
- Advanced Audit Committee Program (AACP) 26/ 2017, Thai Institute of Directors

**Work Experiences (last 5 years)**

Listed Companies

- 2013 - Present Chairman of Board of Directors / Independent Director / Chairman of the Audit Committee
- Winner Group Enterprise Plc.

Non-Listed Companies

- 2015 - Present Director and Vice Chairman - M.R. Rosalins Gagananga Foundation Under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn

# The Board of Directors and Executives



## Mr. Jane Wongisariyakul

Age (years): 68

Director / Chairman of Executive Committee /

Chairman of Risk Management Committee / CEO

(Authorized Director)

### No. of shares held (as at August 28, 2020)

34.94%

### Relationship with Directors and Management

- Spouse of Mrs. Vannaporn Wongisariyakul
- Father of Ms. Kanollas Wongisariyakul

### Starting Date of Directorship

April 10, 2013

### Education

- Master of Business Administration Program (XMBA), Thammasat University
- Bachelor of Science in Food Technology, Chulalongkorn University
- Bachelor of Business Commerce, Beijing Language and Culture University, China
- Director Accreditation Program (DAP) 31/2005, Thai Institute of Directors
- Role of Nomination and Governance Committee (RNG) 5/2013, Thai Institute of Directors
- Certificate of Public Economics Management for Executives (Batch 8), The College of Politics and Governance, King Prajadhipok's Institute
- Capital Market Academy Executive Program (Class 23), Capital Market Academy, the Stock Exchange of Thailand
- Thai - Chinese Leadership Studies#2, Huachiew Chalermprakiet University

### Work Experiences (last 5 years)

#### Listed Companies

- |                |  |
|----------------|--|
| 2020 - Present | Director / Chairman of Executive Committee / Chairman of Risk Management Committee / CEO<br>- Winner Group Enterprise Plc.             |
| 2006 - Present | Independent Director / Audit Committee Member / Nomination and Remuneration Committee Member<br>- Eason Paint Plc.                     |
| 2013 - 2020    | Director / Chairman of Executive Committee / Chairman of Risk Management Committee /<br>President & CEO - Winner Group Enterprise Plc. |

#### Non-Listed Companies

- |                |   |
|----------------|---|
| 2019 - Present | Director / Independent Director - CU Enterprise Co., Ltd.               |
| 2018 - Present | Director - Aesthetic Zecret (AT-ZE) Co., Ltd.                           |
| 2017 - Present | Director - Winner Fam Ltd.  |
| 2012 - Present | Director - Jamjuree Innovations Ltd.                                    |
| 2010 - Present | Vice Chairman - Faculty of Science Foundation, Chulalongkorn University |
| 2008 - Present | Director - Jamjuree Innovations Products Ltd.                           |
| 2011 - 2017    | Director - Jamchuri Testing Laboratory Ltd.                             |

# The Board of Directors and Executives

## Mrs. Vannaporn Wongisariyakul

Age (years): 65

Director / Member of Executive Committee /

Member of Risk Management Committee

(Authorized Director)



### No. of shares held (as at August 28, 2020)

8.78%

### Relationship with Directors and Management

- Spouse of Mr. Jane Wongisariyakul
- Mother of Ms. Kanollas Wongisariyakul

### Starting Date of Directorship

April 10, 2013

### Education

- Master of Science in Food Technology, Chulalongkorn University
- Bachelor of Science in Food Technology, Chulalongkorn University
- Director Accreditation Program (DAP) 91/2011, Thai Institute of Directors
- Lean Supply Chain by TMB (TMB Lean Six Sigma White and Blue Belt Course), Batch#10, Food and Beverage Industry in 2017

### Work Experiences (last 5 years)

#### Listed Companies

- |                |   |
|----------------|---|
| 2018 - Present | Director / Executive Committee Member / Risk Management Committee Member<br>- Winner Group Enterprise Plc.                            |
| 2013 - 2018    | Director / Executive Committee Member / Risk Management Committee Member /<br>Deputy Managing Director - Winner Group Enterprise Plc. |

#### Non-Listed Companies

- |                |   |
|----------------|---|
| 2018 - Present | Director - Aesthetic Zecret (AT-ZE) Co., Ltd. |
| 2017 - Present | Director - Winner Fam Ltd.                    |

# The Board of Directors and Executives



## Miss Kanokpan Kreangkraikrissada

Age (years): 51

Director / Member of Executive Committee /

Member of Risk Management Committee

*(Authorized Director)*

No. of shares held (as at August 28, 2020)

2.83%

Relationship with Directors and Management

- None -

Starting Date of Directorship

April 10, 2013

### Education

- Master of Business Administration (MBA), Chulalongkorn University
- Bachelor of Science in Food Science & Technology, Kasetsart University
- Directors Accreditation Program (DAP) 91/ 2011, Thai Institute of Directors
- Certificate of Mini MBA, Thammasat University

### Work Experiences (last 5 years)

#### Listed Companies

- |                |   |
|----------------|---|
| 2018 - Present | Director / Executive Committee Member / Risk Management Committee Member<br>- Winner Group Enterprise Plc.                            |
| 2013 - 2018    | Director / Executive Committee Member / Risk Management Committee Member /<br>Deputy Managing Director - Winner Group Enterprise Plc. |

#### Non-Listed Companies

- |                |   |
|----------------|---|
| 2018 - Present | Director - Aesthetic Zecret (AT-ZE) Co., Ltd. |
|----------------|---|



# The Board of Directors and Executives

## Miss Kanollas Wongisariyakul

Age (years): 38

Director / Member of Executive Committee /

Member of Risk Management Committee / Managing Director / CFO /

VP-Business Development (Acting) (Authorized Director)



**No. of shares held** (as at August 28, 2020)

3.90%

**Relationship with Directors and Management**

- Daughter of Mr. Jane and Mrs. Vannaporn Wongisariyakul

**Starting Date of Directorship**

April 10, 2013

### Education

- Master of Executive Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Business Administration (Finance), Thammasat University
- Directors Accreditation Program (DAP) 91/ 2011, Thai Institute of Directors
- How to Develop a Risk Management Plan (HRP) 8/2015, Thai Institute of Directors
- Successful Formulation & Execution of Strategy (SFE) 27/2016, Thai Institute of Directors
- Chief Financial Officer Certificate Program Batch #20, Federation of Accounting Professions under the Royal Patronage of his Majesty the King

### Work Experiences (last 5 years)

#### Listed Companies

- |                |  |
|----------------|--|
| 2020 - Present | Director / Member of Executive Committee / Member of Risk Management Committee / Managing Director / CFO / VP-Business Development (Acting) - Winner Group Enterprise Plc. |
| 2015 - 2020    | Director / Member of Executive Committee / Member of Risk Management Committee / EVP - Winner Group Enterprise Plc.  |
| 2013 - 2015    | Assistant Managing Director - Winner Group Enterprise Plc.   |

#### Non-Listed Companies

- |                |   |
|----------------|---|
| 2018 - Present | Director / Managing Director - Aesthetic Zecret (AT-ZE) Co., Ltd. |
| 2017 - Present | Director - Winner Fam Ltd.  |

# The Board of Directors and Executives



## Miss Thipawan Uthaisang

Age (years): 63

Independent Director / Member of the Audit Committee /

Chairman of Nomination Remuneration and Corporate Governance Committee

**No. of shares held** (as at August 28, 2020)

- None -

**Relationship with Directors and Management**

- None -

**Starting Date of Directorship**

April 10, 2013

### Education

- Master of Business Administration, Thammasat University
- Bachelor of Accounting, Thammasat University
- Director Certification Program (DCP) 29/2003, Thai Institute of Directors
- Audit Committee Program (ACP) 23/2008, Thai Institute of Directors
- Role of the Compensation Committee (RCC) 17/2013, Thai Institute of Directors
- Advanced Audit Committee Program (AAP) 26/2017, Thai Institute of Directors
- Advanced Certificate in Politics and Governance in Democratic Systems for Executives (Batch 9), The College of Politics and Governance, King Prajadhipok's Institute
- Capital Market Academy Executive Program (Class 8), Capital Market Academy, the Stock Exchange of Thailand
- The Joint State - Private Sector Course Class 23/2010, Thailand National Defence College

### Work Experiences (last 5 years)

#### Listed Companies

- |                |  |
|----------------|--|
| 2013 - Present | Independent Director / Member of Audit Committee / Chairman of Nomination Remuneration and Corporate Governance Committee - Winner Group Enterprise Plc. |
| 2013 - Present | Independent Director / Chairman of Audit Committee - Prodigy PCL   |
| 2009 - Present | Independent Director / Audit Committee Member - Ladprao General Hospital PCL   |
| 2005 - Present | Independent Director / Audit Committee Member - Eason Paint PCL  |

#### Non-Listed Companies

- |                |   |
|----------------|---|
| 2015 - Present | Independent Director / Chairman of Audit Committee - AIRA & AIFUL PCL   |
| 2007 - Present | Executive Director / Managing Director - Papermate (Thailand) Co., Ltd. |

# The Board of Directors and Executives

## Dr. Warunee Varanyanond

Age (years): 71

Independent Director / Member of the Audit Committee /  
Member of Nomination Remuneration and Corporate Governance  
Committee



**No. of shares held** (as at August 28, 2020)

- None -

**Relationship with Directors and Management**

- None -

**Starting Date of Directorship**

April 10, 2013

### Education

- Doctor of Science, PhD. (Food Technology), Kagawa University, Japan
- Master of Science in Food Technology, Chulalongkorn University
- Bachelor of Science in Food Technology, Chulalongkorn University
- Directors Accreditation Program (DAP) 100/2013, Thai Institute of Directors
- Advanced Audit Committee Program (AACP) 26/2017, Thai Institute of Directors

### Work Experiences (last 5 years)

#### Listed Companies

2013 - Present     Independent Director / Audit Committee Member / Nomination Remuneration and Corporate Governance Committee Member - Winner Group Enterprise Plc.

#### Non-Listed Companies

2015 - Present     Advisor - Food Science and Technology Association of Thailand (FoSTAT)

2014 - Present     Qualified Person - Biodiversity-Based Economy Development Office (Public Organization)

2010 - Present     Advisor & Qualified Person - Institute of Food Research and Product Development (IFRPD)  
Kasetsart University

2009 - Present     Qualified Person - The National Innovation Agency (Public Organization)

2009 - Present     Qualified Person - Thai Agricultural Research Development Agency (Public Organization)

2009 - Present     Executive Committee - Office of Certification Body of Thailand Institute of Scientific and Technological Research (TISTR)

2007 - Present     Qualified Person of Agriculture and Biology - National Research Council of Thailand

2012 - 2015       Director - Faculty of Science Foundation, Chulalongkorn University

2002 - 2015       Executive Committee - Food Science and Technology Association of Thailand (FoSTAT)

# The Board of Directors and Executives



## Mr. Surapat Rojchanavisart

Age (years): 68

Director / Member of Nomination Remuneration and Corporate Governance Committee

No. of shares held (as at August 28, 2020)

2.81%

Relationship with Directors and Management

- None -

Starting Date of Directorship

April 10, 2013

### Education

- Master of Business Administration, Tarleton State University, Texas, USA
- Bachelor of Science in General Science, Chulalongkorn University
- Directors Accreditation Program (DAP) 100/2013, Thai Institute of Directors
- Role of the Compensation Committee (RCC) 21/2016, Thai Institute of Directors
- Role of the Nomination & Governance Committee Program (RNG) 8/2016, Thai Institute of Directors

### Work Experiences (last 5 years)

#### Listed Companies

- |                |   |
|----------------|---|
| 2016 - Present | Director / Member of Nomination Remuneration and Corporate Governance Committee<br>- Winner Group Enterprise Plc. |
| 2013 - 2016    | Director - Winner Group Enterprise Plc.   |

#### Non-Listed Companies

- |                |   |
|----------------|---|
| 2012 - Present | Executive Committee - Chai's Clansman Association of Thailand |
| 2010 - Present | Director - Pro Master Pack Co., Ltd.                          |

## Vision, Mission and Business Objectives



**Core business:** Importing, manufacturing and distributing

- Raw material, ingredients and food additives for food industry (Industry Products)
- Consumer Food Products (Consumer Products)

### Vision

To become the leading company with expertise in integrated food business in all distribution channels.

### Mission

We are committed to deliver quality products and provide reliable service, to meet the customers' needs and satisfaction with the dedication to develop company's human resources capability to have expertise in food industry and maintain good relationship with suppliers.

### The Company sets business objectives as follows:

1. The Company plans to develop and supply new products to meet a wide range of requirement of customers in food industry and food service operators (Food Service/HoReCa) and supply innovative products to meet consumer's needs to diversify product ranges distributed by the Company.
2. The Company will develop more customized products to meet customers' needs including OEM premix products and packaging filling services. Also, we aim to export our own products such as icing sugar, baking powder and wheat flour to neighboring countries. To increase the plant's production to reach maximum capacity and reduce operating costs per unit to be more competitive.
3. The Company plans to develop consumer food products under our own brand to enter new markets.
4. The Company will expand customer base to cover more customers in all segments of the food industry by expanding customer base from primarily food industry manufacturers to food service customers (Food Service/HoReCa), Quick Service Restaurant "QSR" and end consumers. The Company aims to expand customer groups from Bangkok and Greater Bangkok to major cities in each region especially touristic provinces.
5. The Company plans to develop corporate resources planning and increase work efficiency on service delivery.
6. The Company will develop a business development plan to create brand awareness of newly acquired OEM cosmetic business and expand broader opportunity into ASEAN countries.



**Business: OEM**

- Skincare & Cosmeceutical
- Makeup
- Food Supplement
- Pharmaceutical

## Vision

To become the leading OEM company in ASEAN with creativity excellence and innovation in health and beauty.

## Mission

To aim to be company that continues research and development of health and beauty products, product research and development processes, manufacturing process that meet international standards along with services that focus on customer satisfaction.

### The Subsidiary company sets business objectives as follows:

1. A profitable organization which aims to legally and ethically earn profit.
2. A sustainable organization which aims to create better work life balance to employees and CSR commitment.
3. A leading OEM cosmetics business in country with excellence service.
4. Product customization that serves customers' requirements and consumers product safety.
5. Feature of swift quality products, effective response to customers and remains competitive in the same industry level.
6. Strong strategic marketing penetration to maximize market share in domestic and international appearance.
7. Guarantee of product quality, manufacturing process, logistics and transportation, environmental management system standards as well as leveraging business capabilities.
8. Committed to provide effective procurement both raw material, packaging, machine and various services to minimize trade monopoly.

## History and Development

### History

Winner Group Enterprise Public Company Limited ("the Company or Winner") was founded in 1983 by a group of experts in food science and technology led by Mr. Jane Wongisariyakul with fully-paid registered capital of 1 million baht. At present, Winner engages in the business of importing, manufacturing and distributing of raw materials, food ingredients and food chemical used in food processing from all over the world such as potato starch, modified starch, wheat starch, egg power, thickener and gelling agent, stabilizer, cocoa, preservative, artificial sweetening agent and other kinds of food chemical.

In 2004, the Company expanded its business by acquiring the factory for production lines of food additive and premix such as icing sugar, and sugar used in food industry, baking powder, thickening agent, seasoning etc. and on October 3, 2013, the Company registered IPO in the Stock Market Alternative Investment (MAI).

With the expertise and skills in supplying of raw materials, food chemical related in food industry and strong sales teams that understand our customers' business, the Company could supply suitable products met our customer needs. The Company expanded our product range, distribution channels and customer base to new groups of customers who are likely to grow continuously in various types of food industry.

Additionally, the Company expanded into consumer products under the world leading brand such as Pop Secret microwave popcorn, Nature Valley Cereal bar, Betty Crocker bakery and cake mix, streamline fruit jam, Harvey Fresh juice distributed in modern trade and traditional trade channel and expanded our customer base to food service business such as hotels restaurants, catering (HoReCa) and other retail traders including E-marketing tools (E-commerce) to expand new customers in online segment.

In 2018, The company acquired the business Aesthetic Zecret (AT-ZE) Company Limited which is an OEM business for skincare and cosmetic, makeup, supplementary food and pharmaceutical. The propose is to strengthen the business expansion from food distributors to the OEM business for skincare and cosmetic, makeup, supplementary food and pharmaceutical.

### Key Milestones in 2020

1. In 2020, the Company selected new products from various sources including to develop product for requirement of customer and expand customer base both industry food and food service provider which import and distribution new products as follows:

#### Industry Products

##### Brand

JB Cocoa	Cocoa powder - dark red
Others	Sodium benzoate
	Sodium Tripolyphosphate
	Phosphate mix
	Carbomer
	Acesulfame K
	Icing sugar
	Chocolate donut sugar
	Soft serve ice cream powder

## Consumer Products

Brand	
Master Martini	Margarine for pastry Roasted and chopped hazelnuts
Castella	Pizza topping cheese
Hiestand	Frozen pastry
Osterberg	Mixed berry syrup Caramel syrup Salted popcorn sauce Strawberry sauce Strawberry shortcake sauce Chocolate sauce Mango fruit crush Blackcurrant fruit crush Orange fruit crush Peach fruit crush
AT-ZE	Hand sanitizer gel 72.4% Alcohol spray 75% / 85%

2. On August 4 2020, Thaipat Institute announced that “WINNER” is one of the 2020 ESG 100 listed companies with having outstanding in Environmental, Social and Governance (4-year continuance since 2017).
3. On October 14, 2020, Thai Investors Association announced Annual General Meeting of Shareholders in 2020 that resulted the AGM Level 100 scores (3-year continuance since 2017). The propose is to increase awareness of the AGM as essential leverage element of good corporate governance.
4. On November 19 2020, the Stock Exchange of Thailand and Thai Institute of Directors announced “the examination result on Corporate Governance Report of Thai Listed in 2020”. The Company was classified into “excellent” or CG 5-star score range of 90-100 scores (3 consecutive years since 2017) which was higher than the average scores of all Thai Listed in 2020.



## Nature of Business



**Winner Group Enterprise Public Company Limited** (“the Company”) operated core business is an importer, manufacturer and distributor of food ingredients and food additives used in food processing industry, including raw materials, ingredients and additives from sources around the world, as well as food ingredients and additives manufactured by the Company. The Company also imports and distributes consumer food products under the world’s leading brands such as microwave popcorn, granular bars, seasoned laver, pasta, olive oil, fruit jams, juices, etc.



**Aesthetic Zecret (At-Ze) Company Limited** (“the subsidiary”) is an OEM for skincare and cosmetic, makeup, supplementary food and pharmaceutical and certified of manufacturing license of skin medicine and new drug from the Food and Drug Administration (FDA) and with international quality management systems from ISO 9001:2015, GMP, HACCP and HALAL



## Revenue Structure

The Company and its subsidiary's revenue structure were divided into product group in 2017 - 2019 as follows.

Type of Revenue	By	2018 <sup>3/</sup>		2019		2020	
		MB	%	MB	%	MB	%
<b>1. Sale Revenue</b>							
1.1 Industry Products	The Company	676.3	42.0	646.4	39.2	697.0	41.0
1.2 Consumer Products	The Company	840.2	52.2	942.1	57.2	939.9	55.4
1.3 Manufacture of skincare, cosmetic, food supplement and pharmaceuticals <sup>1/</sup>	The Subsidiary	82.6	5.1	44.6	2.7	50.1	2.9
<b>2. Other Income<sup>2/</sup></b>	The Company and The Subsidiary	11.9	0.7	15.2	0.9	11.3	0.7
<b>Total</b>		<b>1,611.0</b>	<b>100.0</b>	<b>1,648.3</b>	<b>100.0</b>	<b>1,698.3</b>	<b>100.0</b>

Remark: <sup>1/</sup> Revenue recognition of OEM for skincare, cosmetic, food supplement and pharmaceuticals recognized on Q2/2018.

<sup>2/</sup> Other incomes consist of commission, interest income, marketing supports, gain on sales of unit trust, etc.

<sup>3/</sup> Financial Statements 2018 (Restated)

## Importing, manufacturing and distributing business



### Product

The Winner Group Enterprise Public Company Limited's products are divided into two groups which are industry products and consumer food products. In 2020, The proportion of revenue from industry products was 41.0 percent of total revenues and the proportion of revenue from consumer food products was 55.4 percent of total revenues shown as follows:

## 1. Industry Products (Raw Materials, Ingredients and Additives for Food Industry)

Industry products can be divided into

- (1) Food ingredient e.g. Potato starch, wheat flour, cocoa powder, egg powder, sugar and seasoning
- (2) Food additive e.g. Thickeners, stabilizers and preservatives

These 2 groups are imported from worldwide manufacturers with high quality standard and from our own plant under a modernized production process and GMP standard to meet a wide range of requirement of the customers in food industry, which need their own specific formula. Our Company products are used as raw materials, ingredients and intermediate substances in food processing by various types of food manufacturers and bakeries.



Product Samples



Brands Distributed by the Company



## 2. Consumer Products

Consumer food products consist of 4 main groups which are:

- (1) Snacks
- (2) Semi-processed raw materials and frozen products
- (3) Gourmet foods and bakeries
- (4) Beverages and drinks

Such products are imported from various countries including USA, Spain, Italy, Germany, France, Australia, Singapore, China, Japan and South Korea as follows.



Product Samples



Brand Distributed by the Company

## Marketing and Competition

### Marketing Strategies and Distributing Products

As the executives of the Company have experiences and expertise in sourcing of raw materials, ingredients and additives to producers and manufacturers in food industry in Thailand for a long period of time, the Company has been widely accepted by customers as one of the leading importers, manufacturer and distributor of food ingredients and food additives used in food industry, and also consumer products with quality and standard. We offer a wide and integrated range of products.

The Company has been certified ISO 9001:2015 quality management system, HACCP standard and the production system has been certified with Good Manufacturing Procedures (GMP). The Company has the policy of maintaining long and good relationship with customers and partners; developing competitive strategies to retain existing customers and increasing market share of the Company and success in operating business as follows:

**1) Selecting and offering products with world-class quality constantly**

The Company is an experienced specialist in supplying raw materials, food ingredients and additives used in food processing for over 30 years. So, the Company has the information of all manufacturers and sources of raw materials with quality and production standards worldwide. The Company will select a manufacturer that has their own technology, acceptable production standards, and specializes in research and development. Because the Company needs to get information from research and development department of manufacturers in order to be able to advise customers on product selection for production efficiently.

Meanwhile, from getting advantage of the expertise in food products, the Company has the policy to focus on customer services to meet and satisfy our customers by providing quality products that meet their price requirements or selecting other supplier to substitute raw materials or selecting other ingredients to create a product that meets customer specification. We also offer technical assistance to develop products of customers by offering technology and innovation used in food processing, including importing new products continuously to help improve quality, lower costs and increase the variety of goods.

**2) Meeting customer requirements of export industry**

The Company focuses on distributing quality standard products; we then meet the needs of customers who are in food production industry for export. They need to produce products with quality and standards of each destination country, such as exports to Europe, USA and Japan, etc. The industrial customers are required to have a certificate of quality for raw materials used in production as a reference for export their products, such as certificate of origin, certificate of analysis (COA), certificate of quality control system, and manufacturing standards e.g. ISO GMP HACCP HALAL KOSHER and Material Safety Data Sheet (MSDS), etc.

**3) Developing premix for customers**

Being a part of product and service development to customers, the Company produces raw materials of Customized Blend or Premix to serve customers' requirements, especially industrial customer group as reducing manufacturing process and product costing reason.

**4) Offering OEM (Original Equipment Manufacturer) and packaging services**

The Company has expanded its production capacity by purchasing additional machines and packaging tools to support the production of different types of premixes such as coffee powder coffee, tea powder, seasoning powder and flours, as well as repacking products to retail sizes. The Company has plans to offer

OEM services to customers and re-packaging products that we import or produce. The packaging services of such goods are to expand distribution channels and products to a broader group of customers.

**5) Building and maintain long-term relationships with customers**

The Company aims at building long-term relationships with customers by providing technical consulting services and taking care of customers closely. The Sales division of the Company has expertise in food science and technology and responsible for dealing with customers to find their needs and supply products that suit them. The Company also provides technical advices on product usage to the customers and collaborates with them to develop new products. In addition, the Company also finds alternative products for the customers in order to improve product quality and reduce costs.

**6) Expanding distribution channels to Food Services and consumers**

The Company plans to expand the Company's product distribution channels to directly reach our target customers such as Food Services by focusing on restaurants, bakery shops (for both stand-alone restaurants and chain restaurants) and catering. Moreover, the Company also focuses on expanding distribution channels to bakery sections in modern retail outlets including supermarkets and hypermarkets, etc. which enables the Company to increase distribution channels along with the expansion of modern retail outlets of which have branches across country. For consumer food products, the Company has plan to expand to new distribution channels in which the Company has never distributed any products such as convenience stores and mini-marts, etc. so the Company can access to consumers easily and extensively.

**7) Branding food products to be well-known to consumers**

The Company held marketing activities including publicity through various media, special events of consumer food products, etc. In addition, the Company also uses online media to create brand awareness, especially for snacks and beverages so that consumers know more about products and brands that the Company distributed.

**Our Customers**

Products that the Company distributes are in wide range such as raw materials, ingredients and additives for food processing and consumer products so we can fulfill the customer's needs from food industry, food services providers to retail customers as follows:

**1) Industry**

Industry consists of food producers, food processing manufacturers and bakery, in private and government sectors. This group uses the Company's products for their production then sell their final products to consumers e.g. instant noodles manufacturer, egg noodles manufacturers, rice noodles manufacturers, vermicelli manufacturers, juices and beverages manufacturers, canned food manufacturers, frozen food manufacturers, sauces and seasonings manufacturers, milk producers and dairy products manufacturers and large and medium bakery manufacturers.

## **2) Food service**

Food service consists of customers who buy products of the Company to use for themselves and the products are used for consumer's food production. This group of customers comprises of hotels, catering companies, stand-alone restaurants, restaurants and chained bakery shops.

## **3) Consumer**

Consumer refers to customers that require buying products directly from the Company for their own consumption through retail channels such as modern trade and traditional trade, Company's online shopping website or directly gets any services from Délicé, a coffee and bakery shop owned by the Company.

## **Distribution Channels**

The Company distributes the products through distribution channels that consistent with the characteristics of customers i.e. industry, food service / HoReCa such as hotels, restaurants, chained bakery and restaurants, and retail to consumers through modern trade and traditional trade and coffee shops owned by the Company.

### **1) Food Industry Manufacturers**

The Company distributes directly to more than 500 bakeries and food processing manufacturers in Bangkok and across country. The Company also sells products to dealers that sell the Company's products to small-sized factories. The Company does not officially appoint any individuals to be the Company's distributor. When selling to bakeries and food processing manufacturers, they will use the products for their own production. Then the finished products will be sold to end-consumers and/or exported to foreign countries. For this distribution channels, the Company has sales teams with expertise in food science technology to provide technical advice on the products and together with our customers to select and develop products to meet the customers' needs.

### **2) Food Service**

The Company is a direct supplier to food service providers e.g. hotels, restaurants, catering, chained bakeries and restaurants, stand-alone bakeries and restaurants nationwide, and bakery department in modern retail outlets. These food service providers will use the Company's products to make ready-to-eat food and bakery then sell to consumers afterwards.

### **3) Modern Trade and Traditional Trade**

The Company sells the products in modern trade e.g. Tops Supermarket, Siam Paragon, Emporium, the Mall, Makro, Tesco Lotus, Big C, Foodland, Villas, Family Mart, etc. and traditional trade e.g. wholesalers, bakery specialized wholesalers, etc. for over 3,000 outlets. The modern trade and traditional trade channel is expanding in Thailand. As a result, the Company's products are accessible to consumers more thoroughly; especially through modern trade which targeting at customers in Bangkok and Greater Bangkok, touristic provinces and other provinces with high purchasing power.

The ownership of products distributed through modern trade and traditional trade will be transferred to modern retailers and traditional retailers instantly after the Company delivers such products. If there are any damages after delivery, the Company has no obligation in the value of such products. However, the Company might consider product return for some cases, such as product ages less than 3 months, to ensure the confidence of customers in the quality of our products; to maintain brands' image; and the Company's reputation as an importer and distributor of such goods.

#### **4) Online Shopping**

The Company foresees on the rapidly moving towards a cashless society by creating a business pathway into the online shopping platform under "Winner & CO" ([www.winnerandco.com](http://www.winnerandco.com)), which being online distribution channel for all those imported products from worldwide such as USA, Spain, Italy, Australia, Singapore, China, Japan and South Korea. The online distribution products group consist of Snack & Cereal, Beverage, Gourmet Foods, Bakery Ingredient, Gifts & Hampers, Frozen products and Health & Personal Care

Additionally, the Company granted Direct Marketing Certification from the Office of the Consumer Protection Board (OCPB), which comply with suitable OCPB's qualification and used as important registered document to certify the online business registration in the Company's online website that representing corporate good governance, transparent business, non-hype advertising, product and service quality and responsibility to consumers.

#### **Market situation and competition**

The Thai economy in 2020 continues to slow down steadily. Due to the global COVID-19 epidemic situation, the government had to take measures to lock down as well as implementing international travel restrictions including social distancing to control the spread of disease. This resulted in the contraction of private consumption from the measures to close various establishments, physical spacing disruption of private investment from domestic and international risks, decline in exports of goods from the global recession, and tourism lost due to restrictions on entry into the country due to the outbreak in foreign countries. There was also an additional negative factor from the domestic political tensions in the last quarter of the year. However, the government has released measures to help both the business and household sectors. Both of which complimented measures to suspend payment Debt restructuring and issue measures to stimulate domestic spending through various projects as well as to relax and allow special type of tourists (STV) to enter Thailand in late October 2020. This resulted in better domestic spending towards the end of the year. The result of technological changes, the rise of new entrepreneurs, and consumer behavior have changed through the period of time. As a result, market became more competitive. As the food and beverage industry together with cosmetic and beauty industries were affected in the same direction, entrepreneurs needed to adjust themselves for survival in the midst of economic fluctuation and present changes.



Separated into 2 parts, industry competition in food business are by products as follows.

### 1) Industry Product

Industrial factories are main customers of Industry Product i.e. instant noodle, noodle, vermicelli, fruit juice, canned food, frozen food, bakeries and vice versa. The Company imported various premium products to serve customers' needs in Industry Product widely. Presently, our competitors are able to source product substitution around 3-5 items per products but the Company can sustain its market share and customer expansion to the prospective customers consistently. Competitive strategy on product quality with international manufacturing standardization is tailored-made world acceptance, customers' deliverables and building long-term customer relationship.

### 2) Consumer Product

More than 3,000 nationwide places of our imported products represented world premium quality by 2 main distribution channels such as modern trade and original retails including directly distributed our products thru 1,200 food providers nationwide while other competitors focused on distribution in modern trade. The Company therefore has capability to compete over its competitors by increasing distribution channels and releasing its products through another food provider.

Competition in modern trade, the Company arranged marketing activities at the point of sales in form of marketing promotions such as price discounts, marketing events, product demonstration and complimentary premium products which the above-mentioned activities would be suitably selected depending on each brand, including PR in media channel to create brand awareness and motivate its sales consistently.

Competition in food provider, due to the volume of customers with various product requirements and type of minimum orders, our salespersons provides the consistency of monitoring and taking swift action to serve customers' requirements. As the strategy in sourcing product variance, immediate action and development of premix, the Company has ability to serve customers' needs and requirements and minimize customers' manufacturing cost. In Addition, the Company has established Technical Service Department which consisted of knowledgeable specialists and expertise in product usage via in the form of product demonstration and product seminar to create customers' perception and assist customers for product decision.

## Source of Supply

Winner Group Enterprise Public Company Limited operates as an importer and manufacturer of raw materials, ingredients, additives and consumer food products to distribute in Thailand. Most products are imported from abroad. The total imported value represented 90.3 percent of the total purchase value in 2020 and the local order represented 9.7 percent of the total purchase value in 2020.

The Company ordered finished goods and raw material from suppliers and distributors details as follows:

Purchase Value	2018		2019		2020	
	MB	%	MB	%	MB	%
Import	991.3	92.3	1,011.1	92.7	1,014.9	90.3
Local	82.8	7.7	79.3	7.3	108.6	9.7
<b>Total</b>	<b>1,074.1</b>	<b>100.0</b>	<b>1,090.4</b>	<b>100.0</b>	<b>1,123.5</b>	<b>100.0</b>

In 2020, the Company purchased from 10 major suppliers representing for approximately 66.5 percent of total purchase value. The Company ordered products from 2 major suppliers representing more than 10 percent of the total orders. We have been purchasing from these two suppliers for a long period of time and bond good business relationship throughout the years of business.

### 1) Import of products for sale

The products that the Company sold approximately 93.1 percent of the total sales and service income in 2020 are imported products. The selection of raw materials, ingredients and additives from each supplier is determined by the customers' requirements both in quality and prices. Because each manufacturer has different sources of raw materials, the products from each of them have different features even though they are same kind of products. At all events for every purchase order, the Company will need to have a certificate from the manufacturer specifying product details and features clearly, as the customers who are food processing manufacturers, especially exporters need to know the country of origin, quality, standards and detailed specification of raw materials prior to manufacture. And the documents will also be used as a reference for export.

### 2) Production under the Company's product line for sale

The production plant used for manufacturing located at Bangpa-In Industrial Estate, on land area of 5 Rai, 3 Ngan and 76 Square Wah with the approximate utilization area of 4,700 square meters. The products from own production lines are food ingredient, food additives and premixes, including icing sugar, coating sugar, industrial sugar, baking powder, stabilizer, etc. These products are for both standardized and made to order.

In addition, the Company also has production lines for repackaging products into different sizes to meet the customer's requirements. The products which are repackaged by the Company include raw materials, ingredients and additives used in food processing manufacturers and bakeries such as cocoa powder, chocolate, spices, raisin, almond, etc. The re-packaging is in various sizes for both directly distributing by the Company and OEM.

The main raw materials that the Company uses as ingredients in manufacturing of food additives and premixes include refined sugar, tapioca starch, corn starch, etc. The Company purchases raw materials for food additives and premixes from the domestic dealers and manufacturers.

### Production Capacity and Utilization Rate

In 2020, maximum capacity was 9,492 tonnes with equivalent to the previous year meanwhile, the actual utilization in year 2020 was 4,424 tonnes, which increased from year 2019 by 138 tonnes when comparing with the previous years as follows.

		2018	2019	2020
Maximum Capacity	Tonne	9,492	9,492	9,492
Actual Utilization	Tonne	4,052	4,286	4,424
Utilization Rate	Percent	42.7	45.2	46.6

### Quality Systems and Environmental Management

The Company has the measurements to control and monitor quality of the ingredients used in production strictly, we have a quality assurance unit to check the quality of raw materials. The quality monitoring measurements are used from the beginning process to the end, including the quality check of raw materials when stored in warehouses and in preparation for production; the ingredients quality check before production; and the products quality check after production prior to distribution. All strict measurements of quality control and monitoring ensure the Company's products to reach clean and safety standards.

The company continued its development to ensure that production process and services meet the required international standard. In 2020, the company has established standard safety control system for all food production processes and to prevent any contamination in food product (HACCP: Hazard Analysis Critical Control Point) which applied in production control focusing on analytical critical points as any contamination shall not pass on to customer. The company was certified by Intertek on January 14, 2020.

Another important step the company took - as an importer, manufacturer and distributor of food ingredients and food additives - was to continuously develop quality management system to strengthen quality product delivery, reliable service, expert in food industry and sustainably respond to the stakeholders in order for the company to reach acceptable quality in standard safety systems.

During the past 3 years the Company has been certified by the following institutions:

Standard		2018	2019	2020
	Quality Management System (ISO 9001:2015) in 2018 by International Organization for Standardization-ISO certification by BSI GROUP (THAILAND) CO., LTD ("BSI")	✓	✓	✓
	Production Standard related to Food Manufacturing from Intertek Industry and Certification Services (Thailand) Limited - Food Safety Management Systems, GMP (Good Manufacturing Practice)	✓	✓	✓

Standard		2018	2019	2020
 <p>HALAL” Certificate by the Central Islamic Committee of Thailand, for the product type: icing sugar, ground sugar, glazing sugar, donut sugar, baking powder, baketex, winsoft, wingum, pancake mix, tempura flour, corn starch, cocoa powder, bakeplus, creamy custard powder, modified starch for filling, almonds, couverture chocolate, rolled oats, dried cranberries, black raisin, golden raisin, winsweet, soft-serve ice cream, cashew nuts and compound chocolate</p>		✓	✓	✓
 <p>Standard for controlling safety in food production process to prevent food contamination HACCP (Hazard Analysis Critical Control Point) Certify by Intertek Industry and Certification Services (Thailand) Limited</p>		-	-	✓

The Company has been supporting the environmental protection by providing wastewater treatment to comply with the Bangpa-In Industrial Estate’s regulations. In the past 3 years, the measurement results were according to the criteria of the estates, details as follow:

#### Wastewater Analysis Report

No	Report Date	Sampling Location	Parameter	Methodology	Tested by	Result	Unit	Standard <sup>1/</sup>	Comparative Result
1	7 Feb 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	7	mg/l	500	Passed
2	4 Apr 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	5	mg/l	500	Passed
3	6 Jun 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3	mg/l	500	Passed
4	1 Aug 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	Not Detected <sup>2/</sup>	mg/l	500	Passed
5	3 Oct 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed
6	1 Dec 2018	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	Not Detected <sup>2/</sup>	mg/l	500	Passed
7	6 Feb 2019	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3	mg/l	500	Passed
8	6 Apr 2019	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	Not Detected <sup>2/</sup>	mg/l	500	Passed
9	5 Jun 2019	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3	mg/l	500	Passed
10	7 Aug 2019	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3	mg/l	500	Passed
11	2 Oct 2019	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	Not Detected <sup>2/</sup>	mg/l	500	Passed
12	4 Dec 2019	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3.2	mg/l	500	Passed
13	8 Jan 2020	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	17	mg/l	500	Passed
14	1 April 2020	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	4.3	mg/l	500	Passed
15	1 July 2020	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3.2	mg/l	500	Passed
16	7 Oct 2020	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	7.8	mg/l	500	Passed

<sup>1/</sup> Standards for the Examination of Wastewater in industrial factories from industrial estate notification no.78/2554 re: general regulations on water drainage into central wastewater treatment in industrial estate.

<sup>2/</sup> Not detected (ND) refers to such parameter cannot detect waste water or level of BOD less than the ability of water analysis tool



### Product

The Aesthetic Zecret (AT-ZE) Company Limited's product are divided into 4 groups: Skincare and Cosmeceutical, Make up, Food Supplement and Pharmaceutical Product which certified of manufacturing license of skin medicine and new drug from the Food and Drug Administration (FDA) and with international quality management systems from ISO 9001:2015, GMP, HACCP and HALAL.

### Marketing and Competition

#### Marketing Strategies and Distributing Products

"AT-ZE", the subsidiary company, which has been certified for various management systems by SGS (Thailand) Co., Ltd. for a period of time, provides various administrative systems for the organization to maintain its up-to-date under constant improvement that is still suitable for current business operation. The company has reviewed and updated various management systems including work process under the guidance of expert consultants both from the Department of Industrial Promotion and the National Productivity Institute. The company had adjusted certifier of management system by employing TUV NORN (THAILAND) Co., Ltd. which is an expertise in certification in accordance with the standards, criteria, and methods of good manufacturing of cosmetics on the international level. This ensures product quality and services to corporate customers. Additionally, AT-ZE follows environment infrastructure standard which is clean, safe and sterile bacteria in pharmaceutical to ensure industry confidence that cosmetic product and food supplement has been under control in a suitable environment and production quality control. The manufacturer is committed to develop and improve production standard to deliver high quality and benefits to customers.

Additionally, AT-ZE set CRM policy to maintain long-term relationship with stakeholders, especially customers and partners as well as competition strategy to retain current customers, increase market share and create business success as follows.

**1) Sourcing products quality**

AT-ZE with experts and specialists in sourcing products and raw materials, it sets policy to develop sourcing products and materials including paying important attention to distribution quality, materials as well as sourcing from the reliable global manufacturers such as Europe and USA and provide all-processes inspection on both quality standards to serve customers' needs into product formula and customization. All products are ready-to-deliver and passed irritation test prior to customers to ensure that customers will receive products with quality and safety.

**2) Research and Development**

AT-ZE with Research and Development team, who have extensive experience in product development and seek customers' requirement and create product differentiation to customers. Due to R&D conduct research continuously, we also provide formula development for customers and welcome to be brand advisor for brand owners and experts source of extracts for product development and conduct product stabilization for increase customers' confidences.

**3) Long-term customers' relationship**

AT-ZE recognizes customers as significant persons and creates long-term customers' relationship with their existing customers. We care about voice of customer by having special unit for customer's complaint which are responsible for customer satisfaction survey and development information system to secure customers information, increase service-minded and organize promotion activities for customers.

**4) Business continuity and corporate branding**

AT-ZE emphasized business continuity which has been impacted from external factors. Thus, the company did some researches and developed product design as well as manufacturing process including expanding various distribution channels to create corporate branding in order to directly respond customer needs and to reduce impact from external factors such as COVID-19 epidemic situation. As a result, both cleanness and beauty have been emphasized that made AT-ZE develop make-up cosmetic mixture from alcohol for hand sensitizer and food supplement under corporate brand which promptly answered customer needs.

**Customers**

AT-ZE is OEM health and beauty service provider, we customized from end-to-end process of cosmetics finished goods and provided brand advisory to customers so key customers are distributors and manufacturers of health and beauty including brand owners.

## Distribution Channels

AT-ZE's business is an OEM for Skincare, Cosmetic and Cosmeceutical with distribution through sales representatives nationwide including Bangkok and UPC where sales representatives in each area are responsible for customers' visit in their region to ensure convenience for customer to contact them directly. In addition, various online communication tools have been introduced to help PR-advertising to reach customers such as Facebook which is famous and broadly recognized, Instagram to support brand awareness, and new media such as TikTok which is very popular. Also Cover Line Official that allows customers to chat with staff for quick response.

In addition, AT-ZE has expanded its customer base via the Market Place channels such as LAZADA, SHOPEE and JD Central to serve as distribution channel to reach more customers. These channels provide system to support payment methods as well as standard shipment.

In order to complete Marketing 360 concept, AT-ZE also uses Offline Marketing through activity booths at various locations in order to reach customers groups including those who are interested in tasting food products for decision making e.g. set-up booth at midtown office buildings such as Sathorn and Silom areas and also going abroad to expand customer base in overseas market.

## Market and Competition

Beauty and Cosmetics industry also impacts on the same way of economic slowdown and face with wave of change in every aspect. However, the forecast on beauty and cosmetics industry may be positive increase due to working people in this generation era pay more attention to health and beauty skin care which may increase market demand as well as beauty centers are welcomed all genders to make unlimited beauty with interesting courses. As supporting factors, AT-ZE foresees the opportunity to do OEM business and tries the best to make the better growth of main income from all of products segments.

However, COVID-19 epidemic situation occurred during Quarters 1 and Quarter 2 in 2020 resulting in economic disruption both domestic and international causing more lead time for shipment and higher material price including decreases purchasing power from various sectors. Especially Personnel Care and Make-up products had an impact from reduction in number of people going outdoor. This is foreseeable that the effect will continue in 2021.

Therefore, AT-ZE has expanded advertising platform through online channels including using famous influencers to reach customer group to create trust, understanding, and reliability to do business with AT-ZE.

With the strength of AT-ZE owning over 30 standard formulas covering all the requirement of entrepreneur in make-up and beauty industry together with company Research and Development team who are ready to develop formulas to comply with customer needs and support full market coverage from mass market to niche market.

Pursuant to be all above, AT-ZE is not only aiming domestic market but also is ready to expand customer base in international market such as CLMV neighboring countries including the middle East which has confident in

products from Thailand. After the COVID-19 epidemic situation, AT-ZE is ready to promote and organize activities to find partner the both OEM and OWN brand.

OEM cosmetics business is extremely competitive in the market, entrepreneurs required to adapt their business model into market trend and find out product innovation to increase production quality. As this result, OEM entrepreneurs can survive in the business as the following commitments.

- Conduct research and development continuously to be coverage in all product segments and keep pace on monitoring of beauty and cosmetics trend.
- Ensure SME entrepreneurs' confidence and keep quality and standard of products.
- Develop marketing activities to be in line with market situation, maintain current customers base and increase new customers as well as promote new online distribution channel (E-Commerce)
- Search for business partner to co-development Thai wisdom raw material and leverage to create more value-added on cosmetics products.
- Maximize domestics channel in international market, especially ASEN countries market.
- Review and develop production capacity to get more product by the same or decrease resources.
- Review and develop business resource management to manage the both ingredient and inventory right.

## Source of Supply

### 1) Our products in production line

Located in Chachoengsao province, AT-ZE's plant area is 8 rai 2 ngarn and 31 square yards, products under production for distribution consists of Skincare & Cosmeceutical, Make up, Food Supplement and Pharmaceutical.

#### Production Capacity and Utilization Rate

		2018	2019	2020
<b>Skincare and Cosmeceutical</b>				
Maximum Capacity	Tonne	560.40	560.40	571.8
Actual Utilization	Tonne	74.60	38.55	96.36
Utilization Rate	Percent	13.31	6.88	16.85
<b>Make up</b>				
Maximum Capacity	Tonne	81.60	81.60	81.60
Actual Utilization	Tonne	0.30	0.10	0.17
Utilization Rate	Percent	0.37	0.12	0.21
<b>Food Supplement and Pharmaceutical</b>				
Maximum Capacity	Tonne	177.60	249.6	246.6
Actual Utilization	Tonne	0.45	0.04	0.89
Utilization Rate	Percent	0.25	0.02	0.36



## Quality System and Environmental Management

In the production process of manufacturing cosmetics and food supplementary products which including skin medicine, AT-ZE's workflow consists of plan, do, check, act in every production process. Product specialists are expertise in production and equipped with modern machine to serve quality and service to meet the best customer satisfaction. Each process of product segments is involved with production building structure and international standards as follows.

Description		2018	2019	2020
	<sup>1/</sup> Quality Management System) ISO 9001:2015 from (International Organization for Standardization - ISO) certified by TÜV NORD Thailand Ltd.	✓	✓	✓
	<sup>2/</sup> ISO22716:2007 Cosmetics-Guidelines on Good Manufacturing Practice (GMP) from (International Organization for Standardization - ISO)	✓	✓	-
	Codex GMP and HACCP certified by SGS (Thailand) CO., LTD.	✓	✓	✓
	Good Manufacturing Practice (GMP) by the food and Drug Administration of Thailand (FDA)	✓	✓	✓
	<sup>3/</sup> Pharmaceutical Inspection Co-operation Scheme (GMP PICS) from the food and Drug Administration of Thailand (FDA)	✓	✓	-
	"HALAL" Certificate by the Central Islamic Committee of Thailand for cosmetic products	✓	✓	✓

Remark: <sup>1/</sup> The company has improved standard system and adjust certifier ISO 9001:2015 from SGS (Thailand) Co., Ltd. to TÜV NORD Thailand Ltd. on October 2020

<sup>2/</sup> The company has improved standard systems by changing the certifier of ISO 22716:2007 from SGS (Thailand) Co., Ltd. to TÜV NORD Thailand Ltd. which audit assessment to be scheduled on April 2021.

<sup>3/</sup> In processes of improvement of infrastructure to meet international standards as well as revision to comply with GDP (Good Distribution Practice) following revised legal requirement.

Additionally, AT-ZE has policy to promote and support the awareness of environment care that includes operate occupational Health, Safety and working environment. To support separation both from production activities and activities such as contamination chemical waste, wet waste or degradable waste, general waste and recycle waste which each type of waste will be disposed rightly to prevent chemical leaks included waste water treatment prior to flow into public water sources. Also the company has implemented complete safety activities such as security guard, risk assessment and occupational safety, practice to emergency situation to allow a non-stop business operation in crisis situation.

## Business Risk

### 1. Risk of having business in competitive industries

As an importer and distributor of raw materials, ingredients, food chemicals and consumer food products, the Company has a large number of competitors, both imported products distributors and domestic manufacturers. Some products don't have differentiation in their features so they are easy to be replaced, including an increase of number of SME entrepreneurs (start-up) and change of consumer's behavior. As a result, the business is highly competitive in terms of price, especially raw materials, ingredients and food chemicals for manufacturers. The intensity of competitiveness may affect the Company's operational performance.

Although new competitors continually enter the business, the Company anticipates that the risk level is not high as the brands the Company distributes are renowned with high quality and acceptable among customers. The Company also meets various needs of food manufacturers, such as the Company has certificate for product quality, certificate of origin. Moreover, the Company also offers technical consulting on product applications. Our executives have more than 30 years of experiences and our sales team has specific expertise in food technology. So the Company understands the needs of food processing industry, also specialize in sourcing and providing supply alternatives to meet customer demands.

### 2. Risk of price and quantity instability of processed agricultural products that the Company distributed

Processed agricultural products may be subject to price fluctuations according to trading (of agricultural products) in the global market. The amount of product each year may depend on climates of the areas. When the volume of agricultural production is limited, it results in higher or changes in commodity prices or may result in the amount of products the Company gets allocated from manufacturers which may affect the Company's operations.

The Company sells products that processed from agricultural products such as starches and flours which processed from wheats, potatoes and corns, Cocoa products, margarine & shortening, fruits and vegetables, frozen seafood, egg powder and almonds, represented 31.3 percent of total sales revenue in 2020. Cocoa powder was the best seller of processed agricultural products with 4.8 percent of total sales revenue in year 2020. The second-best seller of processed 2020. agricultural products were margarine and butter which representing 4.7 percent of total sales revenue in

However, the Company imports processed agricultural products from foreign manufacturers which have risk-protection measurement of commodity price fluctuations. By having agreements on agricultural products such as wheat futures contracts, the manufacturer will offer wheat flour to the Company a quarter in advance and offers fixed rates to the Company at least 3 months. For price adjustment, the manufacturer will notify

the Company at least 1 purchase period in advance (Grace period), so that the Company will have grace period to adjust the price and inform the customers. The Company may keep the same price for a grace period before adjusting the price to match real market price in order to maintain good relationships with the customers, while sourcing and purchasing processed agricultural products including wheat flour and potato starch, by matching customer's purchase order based on the proposal from manufacturers, typically made trading business distributor like the Company gets fluctuation impacts when the global commodity market price represents in lower change.

Moreover, the management has more than 30 years of experience in trading of processed agricultural products. And with the risk mitigation by Industrial Sales Division who constantly monitors global trends and market situation of commodity prices such as wheat, potatoes, beans, corn and cocoa beans from customers and manufacturers, the Company is well aware of both price and volume trends. When there are changes in prices, manufacturers will keep the Company informed of price changed, then the Sales Division will compare if the price is consistent with the price of domestic market before negotiate or jointly define strategy with the manufacturer in order to keep pace with the changing market. In case that the price is on an upward trend, the Company will implement a plan to order in accordance with demand of customers and adapt strategies to fit with the market situation in order to be able to compete with competitors and maintain target gross margin of the product group. If the Company has been allocated such goods in limited quantities, the Company may supply substitute products to replace/fulfill the needs of the clients, reducing the impact on the performance of the Company.

The Company is also well aware of the price and quantity uncertainty of processed agricultural products that the Company distributes. Thereupon, the Company has policy to spread the risks (of such uncertainty) by increasing sales of consumer food products to distribute through other sales channels. In 2020, the Company has 42 percent market share of raw materials, ingredients and industrial food chemicals, and has 58 percent share of consumer food products.

### **3. Risk of imported product cost uncertainty**

In 2020, the Company imported products represented 90.3 percent of total purchase value. The Company mainly used shipping as transportation and the shipping fee was in the cost of the product. This has been determined that changes in freight rates will be rising as well. Meanwhile, if oil price declines, it may lower freight rates. Changes in freight rates can affect the Company's cost of sales and may affect profitability of the Company.

The Company has managed freight cost by comparing price of different freight forwarders so the Company can negotiate for the best rates. For freight rate of main product with high volume and high import frequency, the Company will negotiate with the carrier or agent to quote at least 3 months' valid rates to reduce the volatility of costs.

#### **4. Risk of not getting distributor agreement renewal or foreign manufacturers appoints other companies to be a distributor in Thailand.**

The Company has been appointed as a distributor of raw materials, ingredients, food chemicals such as potato starch, additives and consumer food products such as snacks, and gourmet food, etc. The contract types are either exclusive distributor in Thailand or authorized distributor of each product group for the period of 1-5 years. After the expiration of the contract, the agreement will be automatically renewed unless either party provides termination notice in written form. In case the contracts have not been extended or foreign manufacturers may appoint other distributors in Thailand to replace the Company, the Company may not be able to supply such products or the competitive levels could be higher, which may affect the Company's performance.

In 2020, the Company's revenue generated from sales of the products that the Company has been appointed as a distributor in Thailand represents 56.7 percent of all sales. The management believes in strong relationship the Company with partners who appointed the Company to be the sole distributor for over 10 years. Throughout the years of good relationship, the Company complied with terms and conditions and agreed in the contracts and generated sales growth of the products as being the sole distributor. Therefore the Company has continuously gained the trust from the partners and received contract renewals as the exclusive distributor. The management is confident that the risk of the distributor agreement not being renewed is low.

The Company may have risk of the counterparties who are manufacturers take over distributing and marketing role in Thailand without appointing the Company as a distributor. However, the implementation processes require the investment for building a network of sales and distribution channels. Also, distributing raw materials, ingredients and food chemical products requires skill to approach customers in highly competitive industries because the food industrial and food service customers are located around the country. Even for the consumer food products, it requires expertise in marketing and distributing the products to consumer nationwide.

In case of contract termination, the party who grants the right shall send a written agreement to notify the Company 3-6 months in advance. The management believes that with experience and expertise in sourcing raw materials, food ingredients and industrial chemicals product, along with the ability to supply food products to consumers from worldwide manufacturers, the Company can find substitute products to replace the former manufacturers, if the Company cannot get a contract renewed. The Company believed that finding new products can be done before the time the Company has to deliver goods to customers. However, the Company has never been terminated any distributor's agreement.

In 2020, the Company purchased goods from 76 foreign manufacturers approximately. The order from one major foreign manufacturer was 22.6 percent of total purchased value. Of which, the Company has been granted the rights to be the sole distributor in Thailand for over 10 years. The statistical data in 2020 shows that is no order from any single manufacturer worth more than 30 percent of the overall orders. Therefore,

the Company believes that the amount of the order is not significantly being confined to only one foreign manufacturer.

#### **5. Risks of customers directly purchase products from foreign manufacturers.**

The Company's nature of business is to distribute imported products. The main income of being distributor is from distribution fees and other related incomes such as commission. When customers with high volume orders would like to have more control over their cost and foreign exchange, the customers will buy products directly from foreign manufacturers. The Company will provide support, coordinate the documentation process, and follow up shipment including tracking ship transportation, tracking shipping routes to Thailand and fix problems caused by imported goods until the goods are delivered to the customer. However, the Company is entitled as an exclusive distributor from the foreign manufacturers of such goods. When customers purchase directly from the manufacturer overseas, the manufacturer will pay a commission to the Company as a distributor of the product. In the future, if most customers of the Company buy products directly from the manufacturer overseas it may affect the profitability of the Company, because the income from the commission is lower than the income from reselling.

If the customers directly import from foreign manufacturers, the customer will have more obligations as a food importer. They will need to follow the FDA registration processes with the Food and Drug Administration (FDA), and customs clearance process which are complicated and time consuming. Besides, the process of obtaining FDA registration and customs clearance services are specific and require personnel with experience and skills, which is different from the core business of the customers. The food manufacturer may not have designated division or they may have a division without sufficient expertise to perform such contacts with government agencies. Moreover, the duration of the registration to the Food and Drug Administration will take certain amount of time before importing products each time, which may result in longer lead time comparing with ordering from the Company.

In addition, direct importing from overseas producers is not a core business of food services customers and retailers as the procedures are complicated and may not worth when comparing to the profit they get from distributing imported products. So the Company is very confident that the majority of the Company's customers will keep ordering the import goods from the Company.

#### **6. Risk of expired products**

All of the Company's products are associated with food which has limited shelf life. Normally, all products are mainly aged between 1-3 years; the quality of the product is directly correlated with the age of the product. The Company has the risk that the product will expire before it can be sold. Therefore, the Company must carry provision for allowance of obsolete and outdated, which will affect the results of the Company's performance. Moreover, the distribution of expired product may affect the Company's reputation.

The Company is well aware of the risk of expired products which affects the business performance both the image and the losses incurred. Therefore, the Company focuses on systems and measures to control the

product's shelf life before the distribution and delivery to individual customers starting from the origin to the destination, which depend on the age of the product in each product group. For consumer food products that are sold in modern trade and traditional trade, the Company set the policy to control the inventory's shelf life to be not less than 3 months before the expiration date of the product. The Company regularly assigns product consultants (PC) to check the expiry date of the products in stores to control product quality to be in line with the Company's policy.

For raw materials, ingredients and food chemicals, the Company has policy to control product life cycle to be in accordance with purchasing lead time. In order to sell a product each time, Sales department will forecast import duration and the length of time expected to be sold and delivered to customers in order to maintain the age of products to be suitable for processing and consumption. The Company stores products according to the products' shelf life and use First-in First-out (FIFO) system to deliver products to customers. Stocks and quality checking are conducted every month to ensure only quality products are delivered to customers.

In case that the Company has products that have less than 25 percent shelf life, the following procedure will be taken:

1. For Industrial products, Sales Department will offer a special discount to customers to clear all stock before the product expires.
2. For Consumer Food products, the Company will do special promotions for short shelf life product at point of sale such as Buy 1 Get 1 Free, special discount, premium giveaway and bring products to sell directly to consumers in the special event and road show.

Throughout 30 years of the Company's operation, the Company has never been sued by consumers on the matter of expired products.

Along with the mentioned measurement to guarantee product's quality, the Company implements a 100 percent provision for obsolete product that has shelf life less than 3 months. In 2020, the Company recorded a loss on expired goods of Baht 5.5 million or 0.3 percent of revenue from sales, reflecting the effectiveness of product management thus the risk of such effect was low during these 3 years.

## **7. Risk on investment in Subsidiary Company**

Risk on investment in subsidiary company may incur operational loss thus directly affect the Company's financial performance. The Company has Policy on Control of Subsidiary and Associated Company's business operation by appointing Company's representative to be the director or executive of subsidiary in order to monitor the operation of subsidiary and kept its in line most effectively with the Company's policy.

As at December 31, 2020, the Company's investment in subsidiary company was Baht 122.3 million on the separate financial statements accounted for under cost method less allowance for impairment loss (if any).

## 8. Risk from government policy, regulations, mandate and legislation change

Risk from government policy, regulation, mandate and legislation change such as beverage excise tax on the cost and amount of sugar (Sugar-sweetened beverage tax), trans-fat food measurements which indicated rules and regulation both positive and negative impact on Company's performance. As a result, the Company has set product distribution plans as well as analyzed possible product groups and strictly product quality to create consumers' confidence. These will help mitigate impacts of compliance risk to some extent, by way of a close-up information movement from government agency and participate in regulatory seminars.

## Financial Risk

### 1. Risk of exchange rates fluctuations

The main products of the Company are imported from overseas manufacturer. The total imported order was 90.3 percent of the total purchase value in 2020. The main currency for payment was in US Dollar which represented 91.1 percent of total imports in 2020, while the Company domestic sale was in Thai Baht. As a consequence, the Company could be at risk from fluctuations in foreign currency exchange rates. When Thai Baht is weaker than US Dollar, the Company needs to pay more for goods which may affect the Company's cost of goods sold to increase. Meanwhile, if Thai Baht appreciates, it will lower the cost of products that the Company needs to pay.

However, to reduce the risk of foreign exchange rate fluctuations, the Company's financial transactions have been protected by foreign currency forward contracts every time the Company imports foreign goods. This way the Company can determine the cost of goods sold and to protect against fluctuations in exchange rates which will affect the results of operations of the Company. The forward contracts will be in the discretion of the management of the Company and in accordance with the authority level approved by the Board of Directors.

Forward exchange contract will help the Company determine the exact cost of goods sold and lower the impact of fluctuations in foreign currency exchange. However, the Company has no policy to speculate on the exchange rate.

In the year of 2018, 2019 and 2020 the Company's profit from currency exchange rate was Baht 3.1 million Baht 5.3 million and Baht 4.0 million respectively.

### 2. Risk of changes in interest rate

The Company has credit facilities from financial institutions in trust receipts term loan. The Interest rates are Money market rate (MMR). The Company has the mentioned credit facilities as working capital for importing goods.

As of December 31, 2020, the total outstanding balance of trust receipts was Baht 61.8 million. Changes in interest rates could impact directly to the finance cost of the Company. An increase in the interest rate may lead to a higher financial cost and result in lower operating profit.

However, the Company had working capital management policy based on the capital structure of the Company. The source of funds was primarily from operating cash flow and equity. The Company has been able to generate positive cash flow from operations during the past 3 years. In 2020, the cash flow from operations was Baht 175.4 million.

## **Investment Risk and Shareholders' rights**

### **1. Risk of reliance on the Company's management**

The earning of the Company over the past 30 years was a result of the experience and expertise of the Company's key executives in food industry, including Mr. Jane Wongisariyakul, Mrs. Vannaporn Wongisariyakul and Ms. Kanokpan Kreangkraikrissada. The Company's management has good relationships with customers and other partners. At present the mentioned key management team plays an important role in determining the policies and strategies. If the Company losses such key executives, whether by any reason, the Company may face management crisis which will affect the business operations of the Company.

Presently, the Company's management structure is in the form of Executive Committee consist of executives with direct industry experiences responsible in managing and decision making on important matters of the Company's operation.

The Company also set out its' policy to bring professional executives with expertise in the industry to participate in the Company. The Board of Directors has delegated its' power to the Executive Committee and top management such as Deputy Managing Directors, and managers. Moreover, the Company place importance on personnel development in all departments and create senses of ownership among employees to grow together with the Company. The Company offers its employees opportunities to make suggestions or propose plans beneficial to the Company as well as empower middle-range managers to be more involved in the management and decision making, which would bring efficient management system to the Company.

### **2. Risk of Major Shareholders that owns more than 50 percent of issued shares**

At August 28, 2020, Wongisariyakul group represented as a controlling interest had majority shareholding held 51.51 percent of the total paid-up shares of the Company. It was due to this group can take ownership over the resolution of the Annual General Meeting of Shareholders such as appointment of directors and any other resolution shall require majority votes. But in exceptional law or the Articles of Association, the resolution shall require at least three-fourth (3/4) of the votes of the shareholders attending the meeting. Thus, other shareholders are unable to request for casting votes such as actions as monitoring and balancing to veto any proposal from major shareholders.



However, the Company had 3 Independent Directors and Audit Committee members choosing from 8 members of the Board of Directors to audit the Company are operating procedure, to balance management power in the proper direction, to monitor transparent management and to be auditable.

The Company; moreover, hired Dharmniti Internal Audit Co.,Ltd by Miss Anutsaya Raksasorn, as an outsourced company which is an independent working under control of the Audit Committee and performing duty to monitor internal control system, propose annual internal audit plan and ensure internal audit/control in good enough and comply with business environment and risk change.

### **3. Risk from Company's Free Float less than 40 percent**

As at June 11, 2020, the Company had free float of 38.90 percent, which results in relatively low liquidity transaction of the securities listed in the Stock Exchange of Thailand (SET). Shareholders may take some risks of not being able to sell the Company's shares immediately at the desired price.

Nevertheless, the Company will submit report on the progress of the free float adjustment via Set Link system as a part of SET's information disclosures and closely monitor free float liquidity for shareholders on regular basis.

## General Information and Other Information



### Company Name

Winner Group Enterprise Public Company Limited



### Business

Importing, manufacturing and distributing raw material, ingredients and food additives for food industry and various food products to consumers.



### Head Office

43 Thai CC Tower, 21<sup>st</sup> Floor, Room 214-219, South Sathorn Rd., Yannawa, Sathorn, Bangkok 10120



### Registration Number

0107556000256



### Contact us

Tel: 0-2675-6525-31 / Fax: 0-2675-6544 / Website: [www.winnergroup.co.th](http://www.winnergroup.co.th)



### Registered Capital

100,000,000 Baht comprising 400,000,000 common shares of 0.25 Baht per share



### Paid-up Capital

100,000,000 Baht comprising 400,000,000 common shares of 0.25 Baht per share



### Securities Registrar: Thailand Securities Depository Company Limited

The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400

Tel: 0-2009-9999



### Auditor: EY Office Limited as Certified Public Accountant (CPA)

193/136-137 Lake Rajada Office Complex, 33rd Floor, New Rajadaphisek Rd, Klongtoey, Bangkok

10110 / Tel: 0-2264-0777



### Legal Advisor: Well-versed Law Office Limited

184/49 Forum Tower, 14<sup>th</sup> Floor, Rajadaphisek Road, Huaykwang, Huaykwang, Bangkok 10310

Tel: 0-2645-3533



### Company Secretary / IR: Miss Pannita Kanchanaharuthai

Tel: 0-2675-6525-31 ext. 106

Email: [executives@winnergroup.co.th](mailto:executives@winnergroup.co.th), [ir@winnergroup.co.th](mailto:ir@winnergroup.co.th)

## Subsidiary Company



### Company Name

Aesthetic Zecret (At-Ze) Company Limited



### Business

Original Equipment Manufacturer or OEM for skincare and cosmetic, makeup, supplementary food and pharmaceutical



### Head Office

43 Thai CC Tower, 17<sup>th</sup> Floor, Room 175-178, South Sathorn Rd., Yannawa, Sathorn, Bangkok 10120



### Registration Number

0105554109666



### Contact us

Tel: 0-2116-4256-8 / Fax: 0-2116-4253 / Website: [www.at-z.co.th](http://www.at-z.co.th)



### Registered Capital

80,000,000 Baht comprising 800,000 common shares of 100 Baht per share



### Paid-up Capital

80,000,000 Baht comprising 800,000 common shares of 100 Baht per share

### Factory



10/17/1-4 Moo 2, Tambon Klongudomcholajorn, Amphoe Muang Chachoengsao, Chachoengsao 24000

(authorized manufacturing cosmeceuticals and modern medicine from FDA and controlled quality and operational efficiency which certified by ISO 9001:2015, GMP, GMP/PICs, HACCP and HALAL)



### Shareholding by WINNER

100% of registered and paid-up capital

# Securities and Shareholders Information

## Registered and Paid-up Capital

As at December 31, 2020, the Company's registered and paid-up capital was 100,000,000 Baht consisting of 400,000,000 ordinary shares at the par value of 0.25 Baht. The Company has no issuance of any other shares, except ordinary shares.

## Shareholders

### 1. Major Shareholders

As at August 28, 2020, the company has the top 10 of the shareholders list and shareholding proportion as follows:

Shareholders	No. of share	Percentage
<b>1. Wongisariyakul Family<sup>1/</sup></b>		
1.1 Mr. Jane Wongisariyakul	139,754,600	34.94%
1.2 Mrs. Vannaporn Wongisariyakul	35,100,000	8.78%
1.3 Miss Karatrat Wongisariyakul	15,600,000	3.90%
1.4 Miss Kanollas Wongisariyakul	15,600,000	3.90%
<b>Total</b>	<b>206,054,600</b>	<b>51.51%</b>
<b>2. Rojchanavisart Family<sup>1/</sup></b>		
2.1 Mr. Surapat Rojchanavisart	11,250,000	2.81%
2.2 Mr. Paveen Rojchanavisart	8,591,500	2.15%
2.3 Mr. Poonyawat Rojchanavisart	7,211,000	1.80%
2.4 Mr. Wanchai Rojchanavisart	780,000	0.20%
2.5 Mr. Weerachai Rojchanavisart	100,000	0.03%
2.6 Miss Unchalee Rojchanavisart	100,000	0.03%
2.7 Mr. Tawatchai Rojchanavisart	70,000	0.02%
<b>Total</b>	<b>28,102,500</b>	<b>7.03%</b>
<b>3. Manatsathit Family<sup>1/</sup></b>		
3.1 Mr. Anant Manutsathit	4,640,000	1.16%
3.2 Mr. Chakkaphant Manutsathit	4,624,400	1.16%
3.3 Miss Chuntip Manutsathit	4,440,000	1.11%
3.4 Mr. Sathaporn Manutsathit	4,390,500	1.10%
3.5 Miss Pattarawadee Manutsathit	35,000	0.01%
3.6 Mrs. Malipa Manutsathit	14,000	0.00%
<b>Total</b>	<b>18,143,900</b>	<b>4.54%</b>

Shareholders	No. of share	Percentage
<b>4. Kreangkraikrissada Family<sup>1/</sup></b>		
4.1 Miss Kanokpan Kreangkraikrissada	11,300,000	2.83%
4.2 Miss Wipada Kreangkraikrissada	2,000	0.00%
<b>Total</b>	<b>11,302,000</b>	<b>2.83%</b>
<b>5. Miss Pacharat Waleelerksup</b>	<b>9,000,000</b>	<b>2.25%</b>
<b>6. Mr. Weerachai Dejamorntan</b>	<b>8,294,400</b>	<b>2.07%</b>
<b>7. Pusayapaibul Family<sup>1/</sup></b>		
7.1 Mr. Pure Pusayapaibul	7,620,000	1.91%
7.2 Mrs. Paradee Pusayapaibul	500,000	0.13%
7.3 Mr. Prapan Pusayapaibul	125,000	0.03%
<b>Total</b>	<b>8,245,000</b>	<b>2.06%</b>
<b>8. Tantanavivat Family<sup>1/</sup></b>		
8.1 Mrs. Wilaiporn Tantanavivat	5,420,000	1.36%
8.2 Miss Wiphawee Tantanavivat	1,200,000	0.30%
8.3 Miss Innapha Tantanavivat	1,200,000	0.30%
<b>Total</b>	<b>7,820,000</b>	<b>1.96%</b>
<b>9. Tungpaiboonwanich Family<sup>1/</sup></b>		
9.1 Mr. Wiwat Tungpaiboonwanich	3,300,000	0.83%
9.2 Mr. Chinnaworn Tungpaiboonwanich	1,200,000	0.30%
9.3 Miss Chatsupanun Tungpaiboonwanich	1,160,000	0.29%
<b>Total</b>	<b>5,660,000</b>	<b>1.42%</b>
<b>10. Limpikirati Family<sup>1/</sup></b>		
10.1 Mrs. Wipada Limpikirati	2,565,200	0.64%
10.2 Mr. Jakkrit Limpikirati	1,457,500	0.36%
<b>Total</b>	<b>4,022,700</b>	<b>1.00%</b>
<b>Total Major Shareholders</b>	<b>306,645,100</b>	<b>76.66%</b>
<b>11. Others</b>	<b>93,354,900</b>	<b>23.34%</b>
<b>Grand Total</b>	<b>400,000,000</b>	<b>100%</b>

Remark: <sup>1/</sup> Shareholders grouped according to the surname of shareholders above does not be counted as shares held by related persons under Section 258 of Securities and Exchange Act.

## 2. Free Float

As at June 11, 2020 there are 1,650 Free float shareholders, or 38.90%

## Dividend Policy

The Company has established a Dividend Policy to its shareholders not less than 50 percent of its net profit after deduction of corporate income tax, all reserves subject to applicable laws and other relevant considerations. However, the dividend payout ratio may vary from the rate mentioned which is subject to the necessity to use fund in business operations, expansion plans and other relevant considerations.

The resolution of the Board of Directors to approve dividend payment is subject to the approval of shareholders for annual dividend, except interim dividend payment is subject to the approval of the Board of Directors and shall be reported and acknowledged by the shareholders in the next shareholders' meeting.

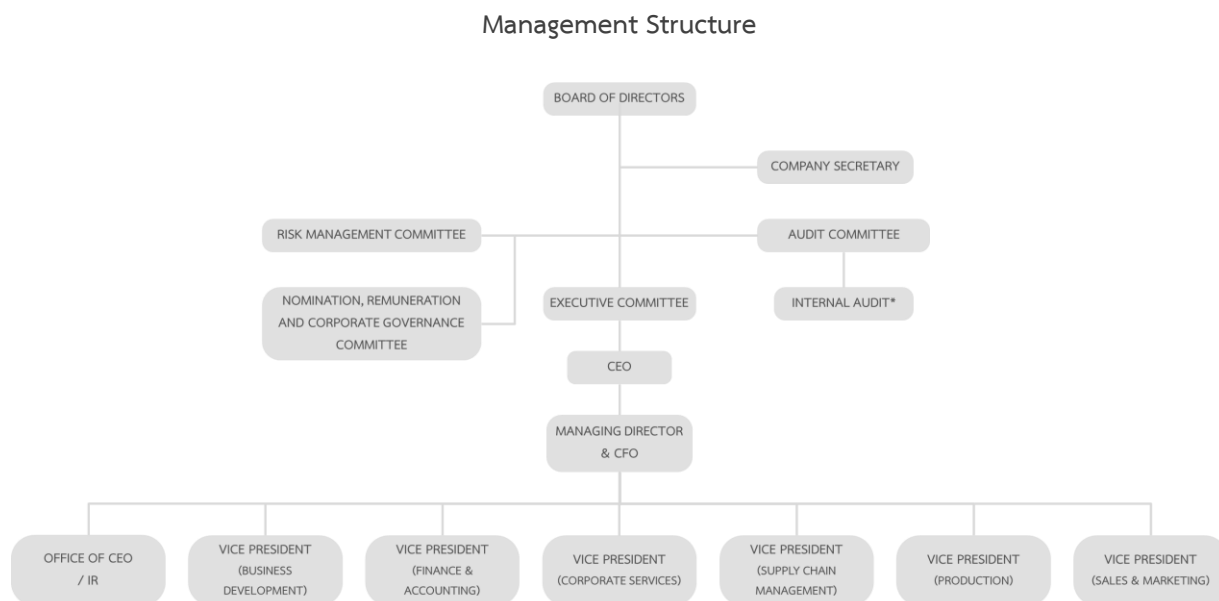
### Dividend Payment from the Company's operating results during past 5 years

Description	2016	2017	2018	2019	2020
<b>Dividend Payment (Baht per share)</b>	<b>0.23</b>	<b>0.23</b>	<b>0.22</b>	<b>0.19</b>	<b>0.20</b>
- Interim Dividend	0.10	0.10	0.09	0.19	0.10
- Annual Dividend	0.13	0.13	0.13	-	0.10 <sup>1/</sup>
<b>Dividend Payout (DPS/EPS)<sup>2/</sup></b>	<b>87.34%</b>	<b>88.13%</b>	<b>85.43%</b>	<b>68.42%</b>	<b>85.69%</b>

Remark: <sup>1/</sup> The Board of Directors Meeting No. 1/2021 on February 25, 2021 resolved to propose agenda of Dividend payment for 2020 to Annual General Meeting of Shareholders on April 22, 2021 to consider and approve the annual dividend payment which will be 0.10 Baht per share while plus with the interim dividend payment paid on September 11, 2020, of which 0.10 Baht per share. Total dividend payout for 2020 will be 0.20 Baht per share.

<sup>2/</sup> Percentage of dividend payment/share calculated from the Company only's net profit.

# Management Structure



Remark: Management structure effective on March 1, 2020 and resolved by the Board of Directors 'Meeting No. 1/2020, held on February 27, 2020 regarding to the change position of management following by the re-designed organization structure.

## Board and Sub-Committees

The Company has Board of Directors and Sub-committees 4 committees comprises of Audit Committee, Executive Committee, Risk Management Committee and Nomination Remuneration and Corporate Governance Committee.

### Board of Directors

As of December 31, 2020, the Board of Directors comprised 8 directors. In 2020, The Board of Directors' meeting have 5 meeting and Annual General Meeting of Shareholder 1 Meeting. The names and meeting attendance of each member in 2020 are noted as follows:

Name	Type of Directors	Position	Meeting attendance in 2020	
			Board of Directors	Shareholders
1. Mr. Prakarn Tawisuwan	Independent Director	Chairman	5/5	1/1
2. Mr. Jane Wongisariyakul	Authorized Director Executive Director	Director	5/5	1/1
3. Mrs. Vannaporn Wongisariyakul	Authorized Director Executive Director	Director	5/5	1/1
4. Ms. Kanokpan Kreangkraikrissada	Authorized Director Executive Director	Director	5/5	1/1
5. Ms. Kanollas Wongisariyakul	Authorized Director Executive Director	Director	5/5	1/1

Name	Type of Directors	Position	Meeting attendance in 2020	
			Board of Directors	Shareholders
6. Mr. Surapat Rojchanavisart	Non-Executive Director	Director	5/5	1/1
7. Dr. Warunee Varanyanond	Independent Director	Director	5/5	1/1
8. Ms. Thipawan Uthaisang	Independent Director	Director	5/5	1/1

Table of securities holding of Directors and Management<sup>1/</sup>

Name	Position	Common shares (no. of shares)		
		Aug 27, 2019	Aug 28, 2020	Increase (Decrease)
1. Mr. Prakarn Tawisuwan Spouse and underage children	Chairman and Independent Director	-	-	-
2. Mr. Jane Wongisariyakul Spouse and underage children	Director	138,223,500	139,754,600	1,531,100
3. Mrs. Vannaporn Wongisariyakul Spouse and underage children	Director	35,100,000	35,100,000	-
4. Ms. Kanokpan Kreangkraikrissada Spouse and underage children	Director	11,300,000	11,300,000	-
5. Ms. Kanollas Wongisariyakul Spouse and underage children	Director	15,600,000	15,600,000	-
6. Mr. Surapat Rojchanavisart Spouse and underage children	Director	11,250,000	11,250,000	-
7. Dr. Warunee Varanyanond Spouse and underage children	Director and Independent Director	-	-	-
8. Ms. Thipawan Uthaisang Spouse and underage children	Director and Independent Director	-	-	-
9. Mrs. Suwannee Kongkitkul Spouse and underage children	VP-Sales & Marketing	-	-	-
10. Ms. Prapasiri Pisitsangkakan Spouse and underage children	VP-Finance & Accounting	-	-	-
11. Mr. Banjongsin Wong-Ngern Spouse and underage children	VP-Production	-	-	-
12. Mrs. Nuttamon Theppitak Spouse and underage children	VP-Corporate Services	-	-	-
13. Mr. Esorn Suwantemee <sup>2/</sup> Spouse and underage children	VP-Supply Chain Management	-	-	-

<sup>1/</sup> Executives or Management is defined with SEC's definition and shown no. of shares-holding including spouse and underage children (if any) under the 258 Section of Securities and Exchange Act (B.E. 2535)

<sup>2/</sup> Mr. Esorn Suwantemee (VP-Supply Chain Management) effective Since March 16, 2020 to present.



## **Directors with signing authority on behalf of the Company**

Two of four from Mr. Jane Wongisariyakul or Mrs. Vannaporn Wongisariyakul or Ms. Kanokpan Kreangkraikrissada or Ms. Kanollas Wongisariyakul have to co-sign company document with a company's seal.

## **Term of directorship**

At every Annual General Meeting, at least one-third (1/3) of the directors, or if their number is not a multiple of three, then the number nearest to one-third (1/3) must retire from office. The director to retire during the first and the second years following the registration of Company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall retire; however, a retiring director is eligible for re-election.

## **Authority and Responsibility of the Chairman of Board of Directors and Board of Directors**

The resolution of the Board of Directors' meeting No. 4/2020 on November 12, 2020 determined the scope of authority of the Board of Directors as follows

### ***Authority and Responsibility of the Chairman of Board of Directors***

1. To act as the chief of the Board of Directors having duties and responsibilities to supervise, follow up and monitor the due performance of the Board of Directors and other sub-committees to achieve the business objective and plans.
2. To act as the chairman at the meeting of the Board of Directors and to cast the vote in case of equality of votes.
3. To act as the chairman at the shareholders' meetings and conduct the meeting according to the sequence of the agenda stipulated in the notice calling for the meeting.
4. To strengthen corporate governance of the Board of Directors.

### ***Authority and Responsibility of Board of Directors***

1. To have power and duties and responsibilities in the management of the Company in accordance with the law, the Company's objectives and Articles of Association, and the resolutions of the general meeting of shareholders by the philosophy of "Best Practices for Directors of Listed Companies" according to The Stock Exchange of Thailand (SET).
2. To arrange to have a balance sheet and income statement of the Company as at the end of the accounting period of the company and shall be audited by the auditor and present to the shareholders for approval.
3. To set vision, mission, goals, strategies, guidelines, policies, operations plan, budgets and policies for risk management, adequate system of internal control and succession plan of management position including review and amend as appropriate at least once every 5 years.
4. To consider, review and approve vision and mission or corporate strategy from the past accounting year and monitor on how to implement corporate strategy as necessary.

5. To monitor and supervise administration and management of the executive to comply with the set policies, plans and budget efficiently and effectively including fixing remuneration and reviewing the succession plan.
6. To oversee the Company to be in compliance with the law regarding securities and SET, the notification of the Capital Market, and the requirements of SET such as related transaction and the acquisition or disposition of significant assets or the laws relating to the business of the Company.
7. To determine the management structure and use power to appoint the Executive Committee, Managing Director and other committees as appropriate, including defining the scope of authority of the Executive Committee, managing director and various committees appointed. The scope of authority shall not authorize the manner of the Executive Committee, Managing Director and various committees to be able to approve transactions that may have conflict of interests between the Company and other companies or subsidiaries (if any), unless the approval is in accordance with the policies and guidelines and approved by the Board.
8. The Board is to consider and delegate authority and responsibility to make clear on daily work policy, indicating the Chairman of the Board is irrelevant with daily work management of the Company and the Chairman of the Board provides regularly support and recommendation on business operation to Managing Director. Managing Director is to perform responsibility of corporate management under delegated power control from the Board of Director.
9. To prepare an annual report of the board and responsible for the preparation and disclosure of financial statements to reflect the financial position and results of operations of the past year and presented to the shareholders for approval.
10. The Board may authorize one director or more or any other person(s) to act as the Board under the control of the Board of Directors or may delegate to such person to have authority as the Board deems appropriate within the time period under the Board's discretion. The Board may revoke, change or modify the authorization when see appropriate. However, the authorization shall not possess to make such individuals to be able to approve the transaction that the person or other may have conflict of interest and personal gain or may have a conflict of interest in any other way with the Company or its subsidiaries (if any) as defined in the Regulations of the Capital Market and/or SET and/or any announcement of the entities involved unless the approval is in accordance with the policies and guidelines and approved by the Board.
11. The Board is to support at least one director to be continuously participated in training courses or seminars that can be maximized knowledge on work procedures.
12. To appoint a company secretary to be responsible for various matters on behalf of the Company or the Directors, such as the register of directors, notice of the Board of Directors Meeting, notice of the Shareholders Meeting.

In addition, Directors are accounted for participation in the Meeting as regular basis. Average of Board of Directors' meeting attendance is at least 80 percent of total annual Board of Directors 'Meetings while board

individuals shall participate in Board of Directors' Meeting at least 75 percent of total annual Board of Directors' Meetings

## Sub-Committees

As of December 31, 2020, the Company comprised 4 committees comprises of Audit Committee, Executive Committee, Risk Management Committee and Nomination Remuneration and Corporate Governance Committee. The names and meeting attendance of each member in 2020 were noted as follows:

Name	Position	Meeting Attendance in 2020			
		Audit Committee	Executive Committee	RMC <sup>1/</sup>	NRCG <sup>2/</sup>
1. Mr. Prakarn Tawisuwan	Chairman of the Audit Committee	5/5	-	-	-
2. Mr. Jane Wongisariyakul	Chairman of Executive Committee Chairman of RMC <sup>1/</sup>	-	9/9	4/4	-
3. Mrs. Vannaporn Wongisariyakul	Member of Executive Committee Member of RMC <sup>1/</sup>	-	9/9	4/4	-
4. Ms. Kanokpan Kreangkraikrissada	Member of Executive Committee Member of RMC <sup>1/</sup>	-	9/9	4/4	-
5. Ms. Kanollas Wongisariyakul	Member of Executive Committee Member of RMC <sup>1/</sup>	-	9/9	4/4	-
6. Ms. Thipawan Uthaisang <sup>3/</sup>	Member of Audit Committee Chairman of NRCG <sup>2/</sup>	5/5	-	-	2/2
7. Dr. Warunee Varayanond	Member of Audit Committee Member of NRCG <sup>2/</sup>	5/5	-	-	2/2
8. Mr. Surapat Rojchanavisart	Member of NRCG <sup>2/</sup>	-	-	-	2/2
9. Ms. Prapasiri Pisitsangkakan	Member of RMC <sup>1/</sup>	-	-	4/4	-

Remark: <sup>1/</sup> RMC refers to Risk Management Committee

<sup>2/</sup> NRCG refers to Nomination Remuneration and Corporate Governance Committee

<sup>3/</sup> Ms. Thipawan Uthaisang is Member of Audit Committee with sufficient knowledge and experience to serve on the review of the reliability of the financial statements.

## Authorities and responsibilities of the Audit Committee

Approved by the Board of Directors Meeting No. 4/2020 on November 12, 2020 the authorities and responsibilities of the audit committee are as follows:

1. To review financial reports and ensure the accuracy, completeness and reliability including the disclosure of adequate information in accordance with International Accounting Standards by coordinating with the external auditors and the executives responsible for the preparation of financial reports quarterly and annual, and disclose information related to the Company sufficiently before submission to the Board of Directors.
2. To review internal control system and internal audit system of the Company to be appropriate and effective, and consider the independence of the internal audit department. As well as to approve the appointment, transfer or dismissal of the chief internal audit unit or any other agency responsible for internal audit, and

may suggest the auditor to review or examine any items that are necessary and important during the audit of the Company, and may suggest about how to improve the system of internal control if see important and necessary to the Board of Directors by coordinating with external auditors and head of internal audit or the third party audit company.

3. To review and ensure Internal Audit system from Insource and Outsource are adequacy and effectiveness.
4. To ensure legal compliance with the regulations of SEC or SET includes policies, objectives, regulations and other laws relating to the Company's business.
5. To consider, select and nominate an independent person to act as auditor of the Company, including the remuneration of the auditors of the Company to propose to the shareholders' meeting for approval. As well as coordinate with the auditors about the purpose of performing audit scope, approach, plans and problems found during the inspection and issue that an auditor may see as key audit matters. Participation in the meeting with external auditor and /or internal audit without management at least once year based on the necessity and urgent matters which will be held during Quarter 3 or Quarter 4 of every year.
6. To consider and review on the disclosure of Related Party Transaction or Conflict of Interest to be completeness, accuracy, in accordance with the laws and regulations of SET including the disclosure of the transaction correctly in order to ensure that they are reasonable and beneficial to the Company.
7. To organize Meetings without Management at least 3 times a year, consisting of 1 meeting with external auditor, 1 meeting with internal audit and 1 special meeting for audit committee.
8. To have the power or authority to hire independent consultants of the Company to make comments or give advice as necessary.
9. To perform duties, the Audit Committee has the authority to request related management or employees of the Company to comments or send documents as relevant or necessary.
10. To report the performance of the Audit Committee to the Board of Directors at least 4 times a year.
11. To self-evaluate the performance and report the assessment results and operational problems that could cause the operation not to achieve the purpose of the establishment of the Audit Committee to the Board of Directors every year.
12. Chairman of Audit Committee and Member of Audit Committee shall participate in Annual General Meeting of Shareholders.
13. To prepare a report on the Corporate Governance by the Audit Committee and disclose in the annual report of the Company. Such report must be signed by the Chairman of the Audit Committee and must contain at least the following:
  - Comments on the accuracy, completeness and reliability of the financial reports of the Company
  - Comments on the adequacy of internal controls of the Company
  - Comments on compliance with SEC, regulations of SET or any other laws relating to the business of the Company
  - Comments on the suitability of an auditor
  - Comment on the transactions that may have conflict of interests

- Comments on number of meetings of the Audit Committee and attendance of each Audit Committee member
- Comments or overall remarks overall that the Audit Committee has performed its duties under the Charter
- Other items that Shareholders and investors should be notified under the scope of duties and responsibilities assigned by the Board of Directors.

14. When the Audit Committee performs their duties, if there are any questions of transactions or actions that may have significant impact on the financial position and results of operations of the Company, the Audit Committee shall report to the Board of Directors of the Company for rectification within the period the Audit Committee deems appropriate. The transactions or actions that may have significant impact are as follows:

- Items of a conflict of interest.
- Fraud or irregularity or significant deficiencies in internal control system.
- Violation of the regulations of SEC and SET or The laws relating to the business of the Company.

If the Board of Directors or management fails to make a rectification within the period above, any member of the Audit Committee may report such transaction or action to SEC or SET.

15. To perform other tasks as assigned within the scope of duties and responsibilities of the Audit Committee. In order to perform such duties, the Audit Committee is directly responsible to the Board of Directors. And the Board of Directors continues to have responsibility for the operations of the Company to outside parties.

#### **Authorities and responsibilities of the Executive Committee**

Approved by the Board of Directors Meeting No. 4/2020 on November 12, 2020 the authorities and responsibilities of the executive committee are as follows:

1. To run the business and affairs of the Company according to the objectives, articles of association, policies, rules and regulations, orders and resolutions of the Board of Directors and/or resolutions of the shareholders of the Company.
2. To consider proposals of the management, set organizational structure, policy, direction, strategy of business operations of the Company, expansion plan, financial and budget plan, human resource management and Information Technology investment to present to the Board of Directors for consideration and approval.
3. To appoint a subcommittee and/or a working group to be responsible for the operation or management of the Company, and determine the scope of the authority and responsibilities of the subcommittee, and/or working group including supervising the operation of the subcommittee, and/or the appointed working group according to the Company's policies and targets.
4. To monitor the performance of the Company to be in accordance with the Board's policy and targets defined and supervise the implementation of quality and performance
5. To consider the allocation of the annual budget proposed by the administration prior to presentation to the Board for consideration and approval.
6. To have the power to approve the cost of normal business operations of the Company following by policy and company's guideline on authority level which newly set each item shall unlimited to be approved and

aligned with organization re-structuring on February 1, 2018. Significant approvals shall propose to the Board of Directors for approval such as Procurement, Investment, Assets Impairment, Bank Limit, Financial Supports (with interest loan), Credit Limit for customers, Pricing Structures, Sales Order and Connected Transaction which shall include to: -

- Significant investment expenditures that indicated in annual budget or as assigned by the Board of Directors or resolution of the Board of Directors approved in principles.
  - Loan, Loan limit, Loan credit of the Company as well as collateral , it shall be presented for approval by the Board of Directors.
  - Consider contract processing and signing related to the normal business operations of the Company. Each item shall be approved by the Board.
7. To determine the organizational structure, the Corporate Management including appointment, hiring, assignment, transferring, employment termination, compensation and remuneration, bonuses for executive staff from the VP level or equivalent, except for the CEO.
  8. To have power to authorize an attorney (s) for an operation under the control of the Executive Committee, or delegate to such persons to be authorized by the Board of Directors deems appropriate within the time period the Executive Committee deems appropriate. The Executive Committee may revoke or amend the attorney or the authorization as see appropriate.
  9. To carry out any operations according to the assignment from the Board of Directors from time to time.

Nevertheless, the delegation of the authorization and responsibilities of the Executive Board shall not appear to be the authorization or the Sub-authorization to an attorney that may have conflict of interests or gain with the Company and/or its subsidiaries and/or related companies (As defined by the Notification of the Capital Market and/or related organization). The Executive Committee has no power to authorize such action on the matter and it has to be submitted to the Board of Directors and/or shareholders' Meeting (as applicable) for approval. Unless the approval is in accordance with normal business and normal commercial terms which is required by the Capital Market Supervisory Board and or SET and /or the relevant organizations.

#### **Authorities and responsibilities of the Risk Management Committee**

The resolution of the Meeting of the Board of Directors No. 4/2020 on November 12, 2020 determines the scope of authority of the Risk Management Committee as follows.

1. consider and approve risk management policies, objective and Enterprise Risk Management Framework for as framework for the organization's risk management processes. To be in the same direction and in accordance with the company's goal and strategies, with policies, objective and risk management framework being reviewed annually. Or when there are new risk that are signification to the determination of the company's goal and strategic for presentation to the Board of Directors.

2. To monitor risk identification which consider both external and internal factor which affect to the company about no able achieve objectives and risk assessment both impact and likelihood of the identified risk. In order to prioritize risks and select appropriate risk treatment methods including analysis, following and reporting systematic.
3. To have the power to appoint a risk management team as necessary.
4. To report risks and suggestions for risks managing to the Board of Directors.
5. To perform other duties assigned by the Board of Directors from time to time.

#### **Authorities and responsibilities of the Nomination Remuneration and corporate Governance Committee**

The resolution of the Board of Directors' Meeting No. 4/2020 on November 12, 2020 adding the scope of authority of the Nomination Remuneration and Corporate Governance Committee for delegates responsibility of sub-committees about remuneration topic 5: Considering assessment of CEO's Performance as follows.

#### ***Nomination***

1. Setting guidelines of nominating Board of Directors and other Committee members by considering what would be the appropriate structure, number and composition of members and outlining recruitment method from relevant business experience and industry knowledge and using Board Skill Matrix to help in director recruitment and conform to corporate strategy as appropriate.
2. Searching, selecting and proposing appropriate persons to assume the position of the Company's Directors, Executive Directors, Senior Executive of the Company and its subsidiaries using source of information from Director Pool or Professional Search firm to recruit new director or top management
3. Scrutinizing the name list of nominators and checking personal information and qualifications of the nominators according to the laws and the regulations of the organization the nominator is from and present to the Board for consideration.
4. Approaching and interviewing the nominators who are selected by the Board of Directors to ensure that such individuals are willing to accept the position.
5. Considering the performance, qualifications and suitability of directors who retired as the term has ended and deserves the re-election and present to the Board of Directors to consider the approval, and present at a meeting of shareholders to appoint for the re-election as Directors.
6. Considering the appropriateness to be directors of the company in case there are any changes associated with the qualifications of Directors.
7. Providing orientation for new directors and develop knowledge to current directors.
8. Planning for succession of senior management and preparing the readiness of next potential generation to be successor in case of retirement of Managing Director and Top Management or unable to perform their positions
9. Performing other duties assigned by the Board of Directors.

### Remuneration

1. Formulating and preparing of the remuneration policy in written format.
2. Proposing guidelines and procedures for the payment of remuneration to the Board of Directors and other sub-committees in which the Board of Directors appointed.
3. Approving compensation form, criteria and the value of compensation for both salary and other benefits paid to Directors, Executive Committee, senior management and consultants for Executive level of the Company and its subsidiaries individually.
4. Defining criteria for evaluation of the Managing Director and presenting to the Board for consideration and approval.
5. To consider assessment of CEO's Performance yearly and propose to the board of directors' meeting for agreed. Also, the assessment result of CEO will bring to consider remuneration of CEO and propose to the board of directors' meeting for approval.

### Corporate Governance

1. Defining good corporate governance policy and code of conduct for Board of Directors and Executive to follow SEC's definition including the corporate social responsibility for present to the Board of Director agreed.
2. To oversee the Board of Directors, sub committees and executives for good corporate governance and code of conduct.
3. To review good corporate governance of the company to compare with international standards and The Stock Exchange of Thailand and present to the Board of Directors for consideration of improvement regularly.

## Management

As of December 31, 2020, the management comprises of 9 members as follows:

Name	Position
1. Mr. Jane Wongisariyakul	CEO
2. Mrs. Vannaporn Wongisariyakul	Executive Director
3. Ms. Kanokpan Kreangkraikrissada	Executive Director
4. Ms. Kanollas Wongisariyakul	Managing Director / CFO / VP-Business Development (Acting)
5. Mrs. Suwannee Kongkitkul	VP-Sales & Marketing
6. Ms. Prapasiri Pisitsangkakan	VP-Finance & Accounting
7. Mrs. Nuttamon Theppitak	VP-Corporate Services
8. Mr. Banjongsin Wong-Ngern	VP-Production
9. Mr. Esorn Suwantemee <sup>1/</sup>	VP-Supply Chain Management

Remark: <sup>1/</sup> Mr. Esorn Suwantemee (VP-Supply Chain Management) effective Since March 16, 2020 to Present.



## Authorities and responsibilities of the CEO

The resolutions of the Board of Directors Meeting No. 1/2020 on February 27, 2020 determine the scope of authority of the CEO as follows.

1. Caring, managing, and operating normal business operations for the benefit of the Company according to its objectives and articles of association including regulations, resolutions, policies, plans and budgets approved by the Board of Directors and/or the general meeting of shareholders under related laws and the authority assigned by the Board of Directors.
2. Full authority in changing of organization and management in accordance with policy of the company and the competitive of the industry.
3. To give business advice to the management and employees about the benefits of the Company and its subsidiary companies.
4. To consider criteria and method for nominating persons to assume the position of the company's senior executives with the Nomination Remuneration and Corporate Government committee.
5. To seek new business and investment opportunities that relevant to core businesses of the Company and its subsidiary companies to generate more revenues for the Company.
6. To participate in consideration of business policy, business plans, goals, operational plans, business strategy, annual budget, and annual report and to set up the management authority to present to the Executive Committee and the Board of Directors of the Company.
7. Adopt the policies of the Board of Directors to determine the direction, methods, strategies and business goals to define the core mission for management to implement.
8. Full authority to approve the cost of the Company under normal day-to-day operations that follows policy and company's guidelines under unlimited authority such as Procurement, Investment, Assets Impairment, Bank Limit, Financial Supports (with interest loan), Credit Limit for customers, Pricing Structures, Sales Order and Connected Transaction as well as other trade investment for the Company's benefits which are entitled to normal business and followed by authority level from the organization regarding Duties and Responsibilities of the CEO which has been approved by the Board of Directors' meeting No. 1/2020 held on 27 Feb 2020 that are divided into 2 criteria; 1) unlimited authority and 2) no authority, in case it is considered as significant transaction shall be proposed to the Board of Directors for approval.
9. Performing other duties as assigned by the Executive Committee or the Board of Directors.

For any action that the Chief Executive Officer or appointee of the Chief Executive Officer or individuals who may have conflict (As defined by the Notification of the Capital Market and/or SET and/or associated entities) or have interest or conflict of interest with the Company and/or its subsidiaries and/or related company, the Chief Executive Officer has no authority to act in the matter. The matter shall be submitted to the meeting of the Board of Directors and/or shareholder (as applicable) for approval, unless the approval is in accordance with normal business and normal commercial terms which are required by the Capital Market Supervisory Board and/or SET and/or the relevant regulations.

## Company Secretary

The Board of Directors has appointed Ms. Pannita Kanchanaharuthai as the Company Secretary since February 27, 2020. The qualification of the position of Company Secretary is in Enclosure 1 of Form 56-1.

### Duties and responsibilities of company secretary

The company secretary shall perform his or her duties in accordance with section 89/15 and section 89/16 of Securities and Exchange Act (No.4) B.E. 2551, which come into force on August 31, 2008. The company secretary shall perform his or her duties with responsibilities, care, honesty and in compliance with laws, Article of Association and Objective of the Company, resolution of the Board of Director, and resolution of the shareholders' meeting. In performing this duty, the Company Secretary has the following duties and responsibilities:

1. Preparing and keeping the following documents of the Company:
  - A. Register of the Company's directors
  - B. Meeting notification letter and minutes of the Board of Directors meeting including annual report
  - C. Meeting notification letter and minutes of the shareholders meeting
2. Keep reports on stake holding submitted by directors or executives according to section 89/14 and submit to the chairman of the board and chairman of Audit Committee within 7 working days from the date receiving such report by the Company.
3. Perform other duties as specified by the Capital Markets Supervisory Board.

Additionally, the company secretary has duties assigned by the Company (or the board) as follows:

- Provide preliminary advice and recommendations pertaining to legal, regulatory, and governance issues and practices related to the Board and Board Committees.
- Organize the meetings of Shareholders, the Board of Directors.
- Liaise with regulatory agencies such as the Stock Exchange of Thailand and be responsible for the disclosure and report information to the public and regulatory agencies with accuracy, complete and in accordance with laws.
- Arrange new director orientation.
- Perform other duties as assigned by the Company.

## Remuneration of Directors and Executives

### 1) Monetary remuneration

The Nomination Remuneration and Corporate Governance Committee has considered the remuneration of directors and sub-committees to ensure that it is commensurate with each member's responsibility and aligned with the same industry and companies of a similar size. The remuneration of directors and sub-committees shall be proposed the Shareholders to consider and approve every year.

- **Directors' remuneration**

In 2018 and 2019, the Company paid remuneration to 4 directors as the meeting attendance allowance for the total amount of Baht 867,500 and Baht 889,000 respectively.

In 2020, the Company has paid remuneration to Directors and sub-committees with a total amount of Baht 900,000 to non-executive directors only (excluded remuneration of executive directors in the form of salary), which is not exceeding Baht 2,000,000 as per approval by the Annual General Meeting of Shareholders 2019 comprising annual remuneration and meeting allowance as per the following details:

Structure of 2020 remuneration of directors

Director	Monetary Remuneration (Baht)	
	Annual Remuneration (Baht/person)	Meeting Allowance (Baht/person)
<b>Board of Director</b>		
- Chairman	-	17,000
- Executive Director	-	-
- Non-Executive Director	-	10,000
- Independent Director	-	10,000
<b>Audit Committee</b>		
- Chairman	150,000	17,000
- Member	120,000	12,000
<b>Nomination Remuneration and Corporate Governance Committee</b>		
- Chairman	-	15,000
- Member	-	10,000

Details of 2020 remuneration of directors and sub-committees

Name	Position	Remuneration (Baht) <sup>1/</sup>			
		Board of Directors	Audit Committee	NRCG <sup>2/</sup>	Total
1. Mr. Prakarn Tawisuwan	Chairman of the Board Chairman of the Audit Committee	85,000	235,000	-	320,000
2. Mr. Jane Wongisariyakul	Executive Director	-	-	-	-
3. Mrs. Vannaporn Wongisariyakul	Executive Director	-	-	-	-
4. Miss Kanokpan Kreangkraikrissada	Executive Director	-	-	-	-
5. Miss Kanollas Wongisariyakul	Executive Director	-	-	-	-
6. Mr. Surapat Rojchanavisart	Non-Executive Director	50,000	-	20,000	70,000
7. Dr. Warunee Varanyanond	Independent Director Member of the Audit Committee Member of NRCG <sup>2/</sup>	50,000	180,000	20,000	250,000
8. Miss Thipawan Uthaisang	Independent Director Member of the Audit Committee Chairman of NRCG <sup>2/</sup>	50,000	180,000	30,000	260,000
<b>Total</b>		<b>235,000</b>	<b>595,000</b>	<b>70,000</b>	<b>900,000</b>

Remark: <sup>1/</sup> Sub-committees refer to Audit Committee and Nomination Remuneration and Corporate Governance Committee which are only applicable to have Remuneration

<sup>2/</sup> NRCG refers to Nomination Remuneration and Corporate Governance Committee

- **Executives and Management's remuneration**

In 2018 and 2019, the Company has paid remuneration to CEO and Executives with a total amount of Baht 15.9 million and Baht 18.2 million respectively. In 2020, the Company paid such remuneration to 9 persons with a total amount of Baht 23.5 million. The remuneration was paid by monthly salary, bonus and monthly fuel costs.

In 2018 and 2019, the subsidiary has paid remuneration to CEO and Executives with a total amount of Baht 6.9 million. In 2020, the subsidiary paid such remuneration to 3 persons with the amount of Baht 2.9 million. The remuneration was paid by monthly salary, bonus and monthly fuel costs.

## 2) Other Remuneration

- **Other Remuneration for Directors**

-None-

- **Other Remuneration for Executives**

Executives can attend provident fund that the Company established. The Company shall contribute 3-5 percent of salaries of executives into the fund, and the executive shall pay contributions into a fund at the rate of 3-15 percent of the salary of the individual executive. Additionally, the Company offers other

benefits to management positions, such as Social Security Fund, vehicles, life insurance premium and phone fee, etc.

Executive from subsidiary company can attend provident fund and contribute 2-5 percent of salaries of executives into the fund, and the executive shall pay contribution into a fund at the rate of 2-15 percent of the salary of the individual executive. Additionally, the Company offers other benefits to management positions, such as Social Security Fund, vehicles, life insurance premium and phone fee, etc.

## Personnel and Training

### 1) Number of employees (excluding executives)

As of December 2018, to 2020, the Company's staff are in the total of 259 persons, 258 persons and 267 persons respectively. The deployment can be defined as follows:

Division	No. of employees		
	As of December 31, 2018	As of December 31, 2019	As of December 31, 2020
Executive Management	3	3	7
Finance and Accounting	22	24	24
Supply Chain Management	51	52	53
Corporate Services	16	14	15
Production	56	54	55
Sales	90	88	87
Marketing	21	23	26
<b>Total</b>	<b>259</b>	<b>258</b>	<b>267</b>

As of December 2018, to 2020, the its subsidiary's staff are in the total of 186 persons, 136 persons and 116 persons respectively. The deployment can be defined as follows:

Division	No. of employees		
	As of December 31, 2018	As of December 31, 2019	As of December 31, 2020
Executive Management	3	6	-
HR & General Administration	20	14	16
Finance and Accounting	6	6	6
Sales and Marketing	17	20	16
Business Development	35	27	23
Factory	105	63	55
<b>Total</b>	<b>186</b>	<b>136</b>	<b>116</b>

## 2) Major labor dispute in the past 3 years

The past 3 Years, the company and its subsidiary had labor dispute 2 case which not ended.

## Remuneration of Employees (excluding executives)

### 1) Monetary remuneration

In 2018, 2019 and 2020, the Company has paid remuneration of employees in the total amount of Baht 103.8 million, Baht 107.1 million and Baht 116.6 million respectively by salaries, bonuses, incentives, overtime payment, diligence allowance, field trip allowance and monthly fuel costs.

In 2018, 2019 and 2020, the subsidiary has paid remuneration of employees in the total amount of Baht 51.2 million, Baht 41.8 million and Baht 34.8 respectively by salaries, bonuses, incentives, overtime payment, diligence allowance, field trip allowance and monthly fuel costs.

### 2) Other Remuneration

Employees can attend provident fund that the Company established. The Company shall contribute 3-5 percent of salaries of employees into the fund, and the employees shall pay contributions into a fund at the rate of 3-15 percent of the salary of the individual employee. Additionally, the Company offers other benefits to employees such as Social Security Fund and phone fee, etc.

Employees from subsidiary company can attend provident fund and contribute 2-5 percent of salaries of employees into the fund, and the executive shall pay contribution into a fund at the rate of 2-15 percent of the salary of the individual employee. Additionally, the Company offers other benefits to employees such as Social Security Fund and phone fee, etc.

### 3) Human Resources Development Policy

The Company and its subsidiary recognize that efficient workforce is a key factor to the success of the organization according to the Company's goals that focus on the human resources development which are our Company's significant resources. The Company has dedicated to promote the continuous development of human resources for their employees to create knowledge, expertise and maximized ability to work, so their employees can maintain and improve their ability to develop the necessary capabilities to create a higher level of performance continuously.

To support employees to be most efficient, the Company and its subsidiary have been planning the annual training and field trips (both domestic and international) to employees as necessary and appropriate to enhance job skills to meet the responsibility of each employee level. The Company added extra curriculum to maximize their potential. The managers of each division shall propose the training plans and budgets to the responsible executive line of command which shall be Deputy Managing Director. The training that the

Company prepares for the employee shall focus on developing their performance effectively and helps encourage employees to have advance opportunity for their career path and continuously grow with the organization in the future.

In 2020, Executives and employees from the Company and its subsidiary participated in total of 104 curriculums which classified internal training for 49 curriculums and external training for 55 curriculums.

Training Year 2020	Type of Training <sup>1/</sup>			Total Staff (staff)	Average no. hours (hr/head/year)
	Internal (course)	External (course)	Total (course)		
Company	40	39	79	276	27.30
Subsidiary	9	16	25	335	16.02
<b>Total</b>	<b>49</b>	<b>55</b>	<b>104</b>	<b>611</b>	

Remark: <sup>1/</sup> Courses exclude OJT, which is required for new staff induction or staff transfer into other division based on Training Needs

## Good Corporate Governance

The Company, through its directors, executives, and staff, commits and adheres to good corporate governance principles in operating the Company, and regards good corporate governance principles as an important factor in promoting the overall success of the Company as a social responsibility organization.

### Good Corporate Governance Policy

The Board of Directors has adopted the good corporate governance policy since 2012 and reviews the policy and practice annually. During 2014-2016, the Board of Directors revised the policy to comply with the “Principles of Good Corporate Governance for Listed Companies (2012)” by the Stock Exchange of Thailand and criteria of the Thai Institute of Directors Survey.

In 2015, “Chapter 2: Business ethics” is out from “Code of conduct” as the reason of creating more clear description into one book of Code of Conduct. In 2016, the Board of Directors reviewed the context of both Good corporate governance policy and Code of Conduct to be complied with Principles of Good Corporate Governance for Listed Companies by the Stock Exchange of Thailand, criteria of the Thai Institute of Directors and ASEAN CG Scorecard. Interest persons are able to view full version of Good Corporate Governance Policy at [www.winnergroup.co.th](http://www.winnergroup.co.th).

In March 2017, the Securities and Exchange Commission Thailand (SEC) released the importance of issuing Corporate Governance Code for Listed Companies 2017 or “CG Code”, which combined with rules, procedures and reinforces likewise CG Principles 2012 to be guideline for best practice for Board of Directors in listed companies to create key matter on good corporate governance. The Company recorded CG Code as agenda item in the Board of Directors’ Meeting no. 4/2017 on August 10, 2017 and it resolved that the Board of Directors is to acknowledge the role of governing body as sustainable value creation and apply into the context of organization as appropriated. Therefore, the Company was in between preliminary processing to apply CG Code into its organization context as appropriated.

In 2018, the resolution of the Board of Directors’ Meeting No. 4/2018 held on August 9, 2018 resolved the Company to deploy and apply CG Code based on the Company’s business context by Apply or Explain. However, the adjustment of Company’s related policies will disclose and comply with CG Code, propose to the Board of Directors to review with minimum once a year and record as part of Board’s resolutions.

For subsidiary in OEM business, the Company is in between setting communication panel and creating understanding of CG Code to all concerned then will apply as appropriate as its subsidiary business.

The Company refers to CG Code and interested persons can view full version CG Policy and Code of Conduct through our website at [www.winnergroup.co.th](http://www.winnergroup.co.th) (Investor Relations page>> Corporate Governance >>Corporate Good Governance Policy or (Investor Relations page >> Corporate Governance >> Code of Conduct)



The policy has been communicated to directors, executives and employees to create awareness of good corporate governance principle and practice. The Board of Directors has also introduced report channels to receive complaints in case of any violation of the laws, regulations, code of conduct and practices of the Company including protective measure for the whistle blower (Whistle Blower Policy). In 2020, the Company has implemented and complied with the policy as follows:

### **Rights of shareholders**

- ✓ There was no action taken that may deprive the rights of shareholders either majority and minority shareholders or both Thai and foreign shareholders.
- ✓ The Company complied with the policy on promoting and facilitating the exercise of shareholders' rights as follows.

#### Before the meeting date

- ▶ The Company allowed the shareholders to propose meeting agenda in advance before the annual general meeting specifying the clear rules and procedures disclosed on the website of the Company and notifying to the Stock Exchange of Thailand from December 12, 2019 to February 11, 2020. but none of the agenda was proposed by a shareholder.
- ▶ The Company disclosed notice of the Shareholders' Meeting and related documents onto the Company's website 53 days prior to the meeting date and delivered the notification to the shareholders 25 days prior to the meeting date.
- ▶ The invitation letter and meeting agenda contain sufficient details, including proxy forms.

#### On the meeting date

- ▶ For the convenience of the shareholders, the Annual General Meeting of Shareholders 2020 held on Thursday, July 23, 2020 at 10.00 hours at Victor Club @ Sathorn Square 8<sup>th</sup> Floor, Sathorn Square Office Tower, 98 North Sathorn Road, Silom, Bangrak, Bangkok 10500. The company also provided adequate staff and technology during barcode registration at 8.00 a.m.
- ▶ At the beginning of the meeting, the Company explained rules of procedure for the meeting as well as voting process. The registration and vote counting was made by barcode system using ballot tickets in all agenda items. For the appointment of directors, the shareholders can cast their votes for any particular director or for all directors proposed. There was representative from Well-Versed Law Office Limited attended as independent inspectors who observed vote counting, which were announced to the meeting and recorded in the minutes of the meeting.
- ▶ The Company conducted the meeting by each agenda in order as notified in the notice of the meeting without any additional agenda.
- ▶ The Company allowed shareholders to fully make inquiries, express opinions and give recommendations. In this respect, the chairman of the Board, the chairman of the subcommittee and top managements attended the meeting to answer any shareholders' questions.

- ▶ The Company allowed shareholders to appoint an independent director or a person as proxy for the meeting

#### After the meeting

- ▶ The Company disclosed the resolution of the shareholders with voting results in the evening on July 23, 2020 by informing news to the Stock Exchange of Thailand via Set Link system and disclosed onto the Company's website.
- ▶ The minutes of the meeting recorded complete information were prepared within 14 days from the meeting date and submitted to the relevant authorities within a time limited and published on the Company's website, to allow shareholder and persons involved to examine.

### **Equitable treatment of shareholders**

- ✓ The Company complied with the policy to promote meeting agenda for shareholders and to protect minority shareholders' rights
  - ▶ Take opportunity to shareholders to propose meeting agenda in advance, clarify on relevant meeting regulation, disclose news to the Stock Exchange of Thailand and post on Company's website.
  - ▶ Produce notification letters for an invitation to Annual General Meeting of Shareholders (AGM) in Thai and English versions to facilitate foreign shareholders by scheduling meeting date, meeting agenda, Board of Directors' opinions as well as disclosure news to the Stock Exchange of Thailand and post on Company's website at least 30 days prior to the AGM meeting date.
  - ▶ Inform shareholders for the meeting procedures and regulation including registration process, proxy and voting. By the agenda of nomination of directors, the Company opens shareholders to nominate each director.
  - ▶ Arrange AGM meeting by agenda as informed in the AGM notification letters and no additional agenda to propose in the meeting without informing shareholders in advance, the Company is aware of shareholders to study information prior to making vote decision in the meeting.
- ✓ The Company establishes policy to protect and take care of all shareholders on fundamental equity rights strictly such as Policy on the Use of inside Information, policy on conflicts of interest, policy on related party transaction, internal control and internal audit. In 2020, there was no action taken that may violate or not comply with to law and the policies. For full version of Corporate Good Governance Policy, details can be viewed at *"Good Corporate Governance Policy", Principle 8: Ensure Engagement and Communication with Shareholders.*

### **The role of stakeholders**

- ✓ The Board of Directors gives importance to the rights of all stakeholders which are covered by law and under the provision of the agreement such as shareholders, customers, business partners, creditors, competitors,

employees, communities, societies and government which can view details in “Code of Conduct”. In 2020, the Company has no significant dispute with stakeholders.

#### Treatment of shareholders

- ▶ All staff shall have the duty to maintain the Company’s intellectual property works and shall not use or allow any third parties to use the Company’s intellectual property without permission.
- ▶ Prohibit from any act that may cause a conflict of interest.
- ▶ Prohibit from misuse of position, inside information for the personal benefit of oneself or one’s related persons.

#### Treatment of customers

- ▶ Comply with the terms and conditions regarding customers fairly. In case the Company cannot compliance with the terms and conditions, it must immediately notify the customer to mutually search for solutions and prevent any damage.
- ▶ Satisfying our customers and providing quality service and standards, seeking ways to meet customer needs effectively and efficiently.
- ▶ Revealing news and information of products and services so they are correct and completed.
- ▶ Allowing customers to complain about the imperfections of goods and services and offer a prompt response to rectify the situation.
- ▶ Treating customers fairly for their products and services without any discrimination.
- ▶ Prohibiting the disclosure of customers’ information that the Company has known in which under normal business circumstance The information shall usually be reserved, unless the disclosure as required by law.
- ▶ Not asking for, accepting or offering any benefits which are dishonest with customers.

#### Treatment of trade partners/suppliers

- ▶ Comply with the terms and conditions set out in supplier agreements. In the event that the Company is not able to comply with a condition, the Company must inform the supplier in advance in order to mutually search for solutions and prevent any damage.
- ▶ Procurement process must be conduct transparently to prevent disloyalty and corruption behavior at all ended stage of procurement process, especially selection of trade partners and suppliers.
- ▶ Treat partners equally and on the basis of obtaining a fair return to both parties.
- ▶ Prohibit from asking for, accepting or offering any benefits which are dishonest with trade partners.

#### Treatment of creditors

- ▶ Strictly comply with the terms and conditions set out in creditor agreements, such as condition of guarantee, quality of the mortgage securities, money management, default and financial ratios etc. Prohibit from misuse the loans for other purposes other than what have been stipulated in the loan agreements and notify the creditors in advance should the Company fail to comply with the loan terms in order to acquire solutions.

- ▶ Maintain financial status and debt repayment ability to build confidence among creditors.
- ▶ Regularly report the accurate Company's financial status to the creditors.

#### Treatment of competitors

- ▶ Practicing under the rules of fair competition.
- ▶ Prohibit from seeking confidential information of the competitors in dishonest or inappropriate ways.
- ▶ Prohibit from destroying the reputation of competitors by a false accusation
- ▶ Associate with trade competitors to create consumers' benefits but not create monopolistic market share, sales revenues, devalued products and services and setting price of products and services may result benefit loss of consumers.

#### Treatment of employees

- ▶ Strictly comply with employment-related laws, rules and regulations.
- ▶ Provide employees a suitable compensation, welfare and other benefits such as salary, overtime payment, social security fund etc. for their knowledge, capability, and responsibility together with performance of individuals and operating results of the company both short term and long term which can be benchmarked with other relevant industries and aligned with corporate strategy and objectives.
- ▶ Treat all employees with kindness and fair both appointment and removal. Employees are given reward or imposed penalty equality and honestly.
- ▶ Maintain the working environment consistently in such conditions so as not to pose any danger to life and health or cause any bodily harm or damage the property of employees.
- ▶ Promote participation of employees in determining the direction of work and solving problems of the Company.
- ▶ Treat all employees with politeness and respect their human dignity.
- ▶ Facilitate enough equipment and utilities during employees' work hours in the Office /Warehouse/ Plant such as hot-cold water cooler in the above-mentioned areas.
- ▶ Maximize employees' knowledge as part of corporate mission and objectives by: I) prioritizing on employees' development constantly, II) enhancing their work performance and future career path, and III) disclosure on corporate trainings/curriculums which includes both in-house and out-house, seminar, workshop and activities to promote understanding of code of conduct. In 2020, there were 79 curriculums from in-out house staff training. Average staff training reached 22.72 hours per head per year.

#### Treatment of community, society and government

- ▶ Conduct the business which brings benefits to the economy and to society.
- ▶ Promote employee awareness and responsibility to environment and society, as well as support the creative activities for society. In 2020, the Company recognized and tried to instill social consciousness as follows.
  - Organize activity about donation to TAB Foundation for support braille cards to the TAB Foundation.
  - Organize activity about donation to the trophies and book at library of Bang Khum Thian community.

- To encourage collect aluminum material such as staples, can lid and CD to carry at Association of Persons with Physical Disability to make prosthetics.
  - To encourage generates revenue to prisoner group by Safety Health Environment (SHE) such as massage to employees for office syndrome symptomatic therapy.
  - Organize activity about donation to old cosmetic at King Chulalongkorn Memorial Hospital for corpses cosmetic make-up.
  - ▶ Reserve no any action that may result bad reputation in country, society and commonwealth
  - ▶ Responsible to preserving local culture and tradition in the area that the Company is located.
  - ▶ Strictly practice or comply with rules and regulations issued by regulatory authorities in accordance with the intent of the law.
- ✓ The Company operated business under environmental quality standards, anti-corruption, non-infringement of intellectual property and noninvolvement in human rights violation (view full version in Code of Conduct) as well as communicated with staff to perform and acknowledge on such practice from verbal punishment to law enforcement.

#### Environmental quality standards

- ▶ Operate the business by taking into consideration of environmental conservation and security standard, and also comply with follow the law and regulations related to environmental.
- ▶ Promote natural resource using effectively such as reduce water, electricity and papers consumption etc., which was set as one of key performance indicators (KPIs).
- ▶ Promote environmental activities and training to raise awareness, knowledge and right understanding of environmental conservation among the Company the employees.
- ▶ In 2020, the Company sent its employees to attend training course regarding environment 5 curriculums as follows

No.	Course	Training Duration	No. of Participants
1	GMP system / Food Defense	1 Hour	50
2	Pest Control in the factory	2 Hours	50
3	Chemical Safety	2 Hours	50
4	Good Hygiene practices [GHPs] and Hazard analysis and critical control point [HACCP]	6.5 Hours	30
5	Basic Fire Fighting and Evacuation Fire Drill Training year 2020	3 Hours	43

#### Anti-corruption

- ▶ The Company conducts risk management plan 2020 comprising compliance risk assessment regarding "operations that do not comply with the law on bribery or support corruption". The result has been reported to the Board of Directors at least once every quarter that none of the violation of laws has been founded in 2020.

- ▶ Staffs are prohibited from granting or offering any items or any other benefits to third parties, such as, government officials, agents, representatives, trading partner etc., with the intention of misleading such third parties to take or omit to take any acts in violation of laws or contrary to their positions or functions or in exchange for undue privileges.
- ▶ Staffs are prohibited from demanding or receiving any items or any other benefits for personal gains or others in a manner that persuades them to abuse their duties or neglect to perform their duties.
- ▶ Any business dealings in association with various agencies, such as, government agencies, state enterprises or private sector both local and international, must be transparent, fair and lawful in Thailand and foreign countries where such dealings take place.
- ▶ To support suitable internal audit for business operation which cover financial data, accounting and other process related to the company's operation.
- ▶ To support employees and shareholder report violation of anti-corruption policy and discrimination by accepting whistleblowing, suggestion or complaints through the channels anti-corruption and audit procedure rightly. Also, the company has measures protect individual right.
- ▶ To encourage communication of anti-corruption policy for both internal and external company to all practices that includes informing its subsidiary to practice together.

#### Non-infringement of intellectual property

- ▶ All staffs shall prohibit from using any information, documents, computer applications, software, books, articles, video tapes, audio records, and works of any other persons in a manner that infringes their intellectual property, regardless of whether such rights are reserved by the owners or rightful beneficiaries of such works.
- ▶ All staff shall have the duty to maintain the Company's intellectual property works and shall not use or allow any third parties to use the Company's intellectual property without permission.
- ▶ Any of work created by staff shall be reserved as corporate proprietary and intellectual property such as masterpiece, invention and so on. Staff shall be responsible for a return of proprietary information when no longer working with the Company.

#### Non-involvement in human rights violation

##### ▶ *Human rights*

Respect employees for their honor, privacy and rights of individuals to be treat on performing their jobs and that no action will be taken to violate or diminish the human rights. The Company adhered complied to The Labour Protection Act B.E. 2541 as amended by the Labour Protection Act (No.2) B.E. 2551 and Labour Relations Act B.E. 2518. In addition, the Company determined that maintain zero case of litigation or dispute is one of its key performance indicators (KPIs).

► *Occupational health and safety*

Maintain health, safety and security of employees to promote occupational health and safety work environment. Diminish harmful and take steps to prevent accident and occupational disease. The Company has established a policy on occupational health and safety as published onto the website: [www.winnergroup.co.th](http://www.winnergroup.co.th). In 2020, were 2 minor staff injuries at work that the Company took action to prevent the incident recurrence.

- ✓ The Board established communication channels for all stakeholders to submit questions, suggestions, complaints or inform about violations, the accuracy of financial reporting, and the deficiency of internal control or unethical business of the Company through the Independent Directors or the Audit Committee. The complaints and violation reports shall be protected and kept confidential. The Independent Directors or Audit Committee will conduct data verification and find solutions (if any) and further report to the Board of Directors of the Company. As for a letter by an anonymous sender, the company will consider only the ones that provide useful information or recommendations for our operations. In 2020, there was no report on violation of law unless approximately 20 shareholders/investors/analysts requesting information through our website and all those questions were responded by an investor relation officer.
- ✓ The Company sets up an employee's suggestion box called "WINNER BOX" situated at comfortable location for an anonymous employee wishing to submit information or suggestion useful to the Company. In 2020, there was no staff conflict in the workplace.

Contact

The stakeholders can communicate to the Board of Directors by sending a letter indicating name, address, telephone number, facsimile number and e-mail (if any) and specifying the relation with the Company to [executives@winnergroup.co.th](mailto:executives@winnergroup.co.th) or by giving a call at (66) 2 675 6525 ext. 106 or faxing at (66) 2675 6533 or directly send to the Audit Committee at the address below

*Audit Committee*

*Winner Group Enterprise Plc.*

*43 Thai CC Tower, 21st Floor, 214-219 Room,*

*South Sathorn Road, Yannawa, Sathorn, Bangkok 10120*

**Disclosure and transparency**

- ✓ The Company established a disclosure policy, appointed an authorized spokesperson having authority to disclose or disseminate significant information of the Company. During the past year, there was not any action violation or not comply with laws or any established policies.
- ✓ The Company disclosed material information accurately, completely and timely through the website of the Stock Exchange of Thailand, annual registration statement, annual report, and the Company's website both in Thai and English version.

- ✓ The Company assigns Company Secretary to be responsible for the data service and the disclosure of important information of the Company and its subsidiary and shall reports to Ms. Kanollas Wongisariyakul, Managing Director, IR Management function. The contact information is as per the following.

Telephone: (66) 2675 6525 extension 106

Facsimile: (66) 2675 6533

Email: [ir@winnergroup.co.th](mailto:ir@winnergroup.co.th)

Website: <http://www.winnergroup.co.th>

- ✓ In 2020, the Company participated in investor relations activities as follows:
  1. Made quarterly Company Snapshot to give information to shareholders, analysts and investors
  2. the analysts which participated in Investment analyst's association to follow up operating results quarterly in 3 year had Company visit
  3. Participated in "IR-Analysts enhance corporate value" by Investment analyst's association.
  4. Giving interview, giving information and answering question post by shareholders, new reporters, interested persons via telephone and email.

### **The responsibility of the Board of Directors**

- ✓ The Board is composed of 8 directors with diversity of qualification in term of age, gender, experience education, professional skills and board diversity.
- ✓ The Board of Director and all sub-committees performed their duties in compliance with laws, relevant regulations, charters, policies, good corporate governance policy and code of conduct.
- ✓ In the year 2020, the Board of Directors totally held 5 meetings under advance meeting arrangement. The Board of Directors Meetings is reserved 100% of the meeting quorum while all directors were individually reserved more than 100% of Board of Directors meetings and sub-committee meetings.
- ✓ There was a meeting held without participation from executive directors and management in October 22, 2020.
- ✓ The Company has set the meeting schedule of the Board and sub-committee of entire year in advance. The meeting invitation together with agenda and supporting documents were sent to all members at least 7 days prior to the meeting date.
- ✓ The Board rendered the internal control, internal audit, risk management systems and regularly review the efficiency at the Board of Directors' meeting.
- ✓ The Audit Committee expressed an opinion on the sufficient of the Company's internal control in the report of audit committee.
- ✓ The Board regularly reviews the operating results of the management at the Board of Directors' meeting.



- ✓ Annual Board Assessment: The Board of Directors established a policy on conducting board self-assessment at least once a year to provide a time for the board to review the past year performance, issues, problems and area to improve. In 2017 onwards, scoring criteria was made change and calculated into percentage to compare the continuous development scores of each year self-assessment.

**Evaluation Process:** The Company secretary will send evaluation form to directors every year and then collect evaluation results and present to the Board of Directors for improving performance.

**Scoring criteria:** calculated from a total of sub scale scores from each assessment category in percentage by:

Above 85 = Excellent                      75-85 = Good                      65-75 = Moderate  
50-65 = Average                      Below 50 = Need improvement

- a. Results of the Board of Directors' self-assessment:

Assessment Category	Average Score %
1. Structure and qualifications of the Board of Directors	100
2. Roles and responsibilities of the Board of Directors	99
3. Board of Directors Meeting	100
4. Performance as a director	100
5. Relationship with the management team	100
6. Director's personal development and development of the management	100
<b>Total</b>	<b>99</b>

- b. Results of individual directors' self-assessment:

Assessment Category	Average Score %
1. Qualifications	100
2. Performance as a director	100
3. Director's personal development	100
<b>Total</b>	<b>100</b>

- ✓ The Sub-committee's self-assessment: The Company establishes a policy that its sub-committees conduct self-assessment of their performance at least once a year as a monitoring framework to improve their performance during the past year and present the results to the board meeting for acknowledgement

a. Results of the Audit Committee:

Assessment Category	Average Score %
1. Structure, qualifications and term of office	100
2. Role, duty and responsibility	100
3. Meetings	100
4. Auditor and financial report	100
5. Internal Control	100
6. Compliance	100
<b>Total</b>	<b>100</b>

b. Results of the Nomination Remuneration and Corporate Governance Committee's self-assessment:

Assessment Category	Average Score %
1. Structure, qualifications and term of office	100
2. Role, duty and responsibility	100
3. Meetings	100
4. Nomination	99
5. Remuneration	100
<b>Total</b>	<b>99</b>

c. Results of the Executive Committee's self-assessment:

Assessment Category	Average Score %
1. Structure, qualifications and term of office	93
2. Role, duty and responsibility	100
3. Meetings	100
4. Management	100
<b>Total</b>	<b>98</b>

d. Results of the Risk Management Committee's self-assessment:

Assessment Category	Average Score %
1. Structure, qualifications and term of office	93
2. Role, duty and responsibility	100
3. Meetings	100
4. Risk Management	100
<b>Total</b>	<b>98</b>

- ✓ The Company establishes a policy to conduct assessment of CEO's Performance at least once a year as monitoring framework to improve the CEO performance during the past year and report the results to the board meeting for acknowledgement.

Assessment Category	Average Score %
1. Leadership	100
2. Strategy setting	95
3. Strategy undertaking	95
4. Planning for financial operation	97
5. Relationship with the Board of Directors	100
6. External engagement	91
7. Management and Staff engagement	100
8. Succession	100
9. Products and Service knowledge	100
10. Individual Characteristics	95
<b>Total</b>	<b>97</b>

- ✓ Training and development for directors, executives and company secretary were provided to ensure that they can perform their duties efficiently. The details of training and development programs taken were as follows.

Mth / Year	Program	Facilitator
<b>Executive Committee</b>		
Aug'20	TP Disclosure Form Workshop #2	NYC Management Co., Ltd.
Nov'20	Transfer Pricing Documentation	NYC Management Co., Ltd.
<b>Company Secretary</b>		
Jun'20	Road to Join CAC	Thailand's Private Sector Collective Action Coalition Against Corruption
Jul'20	Road to Certify	Thailand's Private Sector Collective Action Coalition Against Corruption
Aug'20	IOD Open House for Company Secretary	Thailand Institute of Directors (IOD)
Sep'20	Enhancing Good Corporate Governance based on CGR scorecard	Thailand Institute of Directors (IOD)
Oct'20	Smart Disclosure Program (SDP)#3/2020	The Stock Exchange of Thailand (SET)
Oct'20	Financial Analysis	Investment analysts association

- ✓ The Company has been complying with “Good Corporate Governance” practices during the past year; as a result, the Company has been assessed by various institutions as follows:



#### Corporate Governance Report of Thai Listed Companies 2020

According to the corporate Governance Report (CGR) 2020 by the Thai Institute of Directors, with support from the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) reported the Company was scored “Excellent” with scores 92% or 5 stars. According to the 2020 report, the (692 listed companies made and average score of 83%).



#### Annual General Meeting Checklist Assessment 2020

According to the Annual General Meeting Checklist Assessment Report by the Thai Investors Association, the Company was scored 100. While the average scores of the total 712 listed companies were 93.10.



#### Environmental, Social and Governance (ESG 100 listed companies) 2020

According to the evaluation of Environmental, Social and Governance: ESG from the 100 listed companies in 2020 by Thaipat Institute, the Company was one of ESG 100 outstanding listed companies (4 years continuance since 2017) from total 803 listed companies.

## Sub-committee

The Company has established a sub-committee which has been appointed by the Board of Directors to assist in the management and supervision of the administration of companies, including 4 committees as follows: (1) Executive Committee (2) Audit Committee (3) Risk Management Committee, and (4) Nomination Remuneration and Corporate Governance Committee. The information of name list, duties and responsibilities of the mentioned committees are provided in the section of “Management” under the title” Management Structure”

## Selection and appointment of directors and executives

### Independent director

The independent directors are individuals who are qualified in accordance with the Notification of the Capital Market Supervisory Board and related SET's announcements, as follows;

1. Holding less than 1.0 percent of the total shares with voting rights of the Company, parent company, subsidiaries, associates, major shareholders, or controlling persons of the Company, including the shares held by related persons of the independent director as well.
2. Not being or not having been a director, officer, employee, part-time employee, consultant that receives a salary or controlling person of the Company, parent company, subsidiaries, affiliate, subsidiaries in same tier, major shareholders or controlling person of the Company, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.
3. Not being a person who has a relation by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of the children of directors, executives, major shareholders, Control authority or persons to be nominated as executive or controlling person of the Company or its subsidiaries.
4. Not having or not having had a business relationship with the Company, Parent company, subsidiaries or associated companies, major shareholders or controlling persons of the Company in a manner that might interfere with his/her independent judgment. Not being or having been a shareholder or authority having control of the business relationship with the Company, parent company, subsidiaries, affiliates, shareholders or controlling person of the Company, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.
5. Not being or not having been an auditor of the Company, parent company, subsidiaries, associates, major shareholders or controlling persons of the Company and not as a significant shareholder, control authority or partner of the audit company which is the auditor of the Company, parent company, subsidiaries, associates, major shareholders or authorized under the control of the Company, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.
6. Not being or not having been a provider of any professional includes serving as legal counsel or financial advisor which has been paid more than 2 million Baht per year from the Company, parent company, subsidiaries, associates, major shareholders or controlling person of the Company, and not as a significant shareholder, control authority or partner of such professional services, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.
7. Not being a director who has been appointed as a representative of the Board, Major shareholders or shareholders who are related to the major shareholders of the Company.
8. Not having or not having had a business with the same nature and in competition to the business of the Company, subsidiaries or not be a partner in a partnership company or director, employee, advisor who

- receives a regular salary or holds more than 1 percent of the total shares with voting rights of another company which has the same nature and in competition to the business of the Company or its subsidiaries.
9. Not having any other characteristic which make him/her incapable of expressing independent opinions, such as business partners, creditors and suppliers, etc. that may cause any conflict of interest.
  10. Having knowledge and understanding of the nature of business of the Company as well as the knowledge that is beneficial to business operations of the Company.
  11. Independent directors shall report to the Board of Directors immediately if see any incidents that might make them ineligible to independence as independent directors.
  12. The Independent Directors shall serve for a term of not exceeding 9 years
  13. The Independent directors should not hold directorship in other listed companies more than 5 listed companies.

After an independent director has been appointed in accordance with the characteristics mentioned above, the independent director may be assigned by the Board of Directors to determine on the operation of the Company, its subsidiaries, affiliates, subsidiaries in same tier, major shareholders or controlling person of the Company. The decision shall be made in the form of collective decision.

### **Selection and appointment of directors and management**

In appointment of directors, the Nomination Remuneration and corporate Governance committee, which consists of three directors and two of whom must be independent directors, is taking into account the diversity in term of structure, size and composition when selecting and screening the candidates who are qualified under the Article of Association, considering with knowledge, experience, board diversity, business relevant experience and using Board Skill Matrix to assist in selection of directors to be aligned with corporate strategy by the following database from Director Pool or Professional Search Firm as necessary for new directors selection. These will be used to select potential candidates who are well-qualified, had disqualification by law. Then, prior to present a number of candidates, it must be equaled to a number of retiring directors and should be proposed to the Board of Directors for consideration and the Board of Director then nominated such candidates as directors in the Shareholders' meeting.

In recruiting senior executives of the Company, the Executive Committee preliminary seek and screen the qualified persons who have skills, useful experiences for the business operation, well understanding the nature of business, be able to achieve the objective and target set by the board using the same above-mentioned director database for recruiting Company's senior executives and new directors. Then, the committee will propose the suitable candidates to the nomination remuneration and corporate governance committee for consideration before present to the Board of Directors' meeting for approval.

## Administration of Subsidiaries and Associates

In order to meet the Corporate Governance, Winner Group Enterprise Public Company Limited, holding 100% shares, has appointed a representative of Winner Group Enterprise Public Company Limited to the authorized directors of its subsidiary companies that includes but not limited to establish policies, manage, supervise, and oversee the benefits of the companies. In addition, the Company assign to it subsidiary in a procedure of monthly performance report for submitted to the representative of Winner Group Enterprise Public Company Limited. In case the Company sets up the Shareholders' Meeting, the Board of directors of Winner Group Enterprise Public Company Limited shall consider the voting on each agenda as well as appointing proxy for meeting attendance.

## Policy on inside information

The Company has adopted the following policies and practices that prohibit its directors, executive officers and employees and subsidiaries who access to material inside information to use such undisclosed inside information for personal gain:

- ▶ Inform directors and executives concerning their responsibilities to declare the securities holding of themselves, their spouse and minor children to SEC pursuant to Section 59 and penalty provisions under section 275 of the Securities and Exchange Act of 1992 (include the amendment) and to report the acquisition or disposition of the holding of their spouse and minor children to SEC under Section 246 and the penalty provisions under Section 298 of the Securities and Exchange Act 1992 (include the amendment).
- ▶ Ensure the directors and executive officers of the Company including their spouse and minor children report the holding of securities and report the changes in the Company's securities holdings to SEC pursuant to Section 59 and penalty provisions under section 275 of the Securities and Exchange Act of 1992 (include the amendment), send copies of this report to the Company the same day that the reports are submitted to SEC and report to the Board every quarter.
- ▶ The Directors, executives and employees of the Company and subsidiaries that received inside information which may affect the stock price are prohibited to trade securities of the Company in the last month before the financial statements or internal information is disclosed to the public. And during 24 hours after the information of the company has disclosed to the public those related to inside information must not disclose it to anyone unless they have indicated that data to the stock market. The penalties for the violation are regarded as a disciplinary offense under the regulations of the Company and the Company will consider sanctions as appropriate such as verbal warning, written warning, probation and expelling, dismissal or removal depending on the case of violation.
- ▶ The Directors, executives and management in accordance with the definition of SEC, shall report the Board of Directors or responsible person on their Change of Management's Securities Holding (Form 59-2) at least one (1) day prior to the trading day.

- ▶ Prohibit directors, executives and employees of the Company to use the information that hasn't been disclosed of the Company that have or may have an impact on the price of the securities of the Company, which they have learned by their positions or statuses to purchase, sell, offer to buy or sell, persuade others to buy or sell, offer to buy or sell shares or other securities of the Company (if any), whether directly or indirectly, in a manner that is likely to cause damage to the company whether directly or indirectly. And whether such action would benefit themselves or others or would not benefit themselves or others.

## Remuneration of Auditor

Remuneration of Auditor in 2020 is as follows:

### 1) Audit Fee

For the Financial Statements year-ended December 31, 2020 audited by EY Office Limited as Company's Auditor, the Audit Fee was Baht 1,690,000.

### 2) Non-Audit Fee

- None -

## The incompliance matters

As for the incompliance matters, the Board of Directors has considered and stipulated the appropriate and sufficient method that is also in alignment with the Company's business and corporate culture, details of which are as follows: -

### ▶ All members of Nomination Remuneration and Corporate Governance Committee should be Independent Director

The Nomination Remuneration and Corporate Governance Committee consists of 3 members, 2 of which, including the Chairman of Committee are Independent Directors. As the current structure of the Nomination and Remuneration, all 3 members are qualified to perform the duties effectively and appropriately.

### ▶ More than 50 percent of the Board members should be independent director

The Board of Directors consists of 8 directors of experts with diverse qualification, capability and experience (Board Diversity). 3 out of the total of 8 directors or 38 percent, including the Chairman of the Board of Director, are Independent Directors with expertise of food technology, finance & accounting and legal.

### ▶ The Company's free float portion of the share should be larger than 40 percent

As at June 11, 2020, the Company's free float portion of the share was at 38.9 percent, which is in alignment with the SET's rules and regulations.



# Corporate Social Responsibility (CSR)

Winner Group Enterprise Public Company Limited is aware that the Company is being part of Thai society to perform the utmost support, create, drive and conduct responsibility in social development, community and environment. The Company set out Corporate Social Responsibility (CSR) policy to be one of the key policies to create CSR understanding and consciousness to the Management and staff by encouraging all to be taking part in proposing corporate projects, volunteering champion and cultivating perception when the Company organized set of activities.

## Policy Overview

The Board of Directors established policy related to corporate social responsibility and focused on business results based on corporate Vision and Mission as follows;



### Vision:

To become the leading company expertise in integrated food business in all distribution channels



### Commitment:

Commit to delivering quality products and providing reliable service, to meet the needs and satisfaction of customers. Strengthen company's human resources to have expertise in food industry and maintain good relationships with suppliers.

The Company committed to produce and distribute quality and safety products to our customers and aware of social responsibility to society, community and environment together with doing transparent, integrity and auditable business operating and equitable treatment of stakeholders, especially staff who play important role as human capital. the Company set supplemental Core Competency to be fundamental understanding to all staff to achieve corporate vision as follows.

### ACCOUNTABILITY

Take personal responsibility and commit to work achievement or above expectation and well-planned performance assessment

### CUSTOMER FOCUS

Concentrate on customers, being positive attitude to both internal and external customers, illustrate customers service-minded and work proactive to develop masterpiece to customers

### TEAMWORK

Able to manage conflict resolution in between team members, encourage team to achieve corporate objective, convince team to share knowledge and work experience, manage team and problem-solving team

## Business Ethics

Provided business integrity, ethics and full of knowledge and ability, the Company considers of the utmost benefits to all of corporate stakeholders. In addition, the Company has “Policy on Communication with the Board of Directors and Whistle-Blowing” to request information, submit complaints or inform about violations, the accuracy of financial reporting, and the deficiency of internal control or unethical business of the Company through the Independent Directors or the Audit Committee. The complaints and violation reports shall be protected and kept confidential. The Independent Directors or Audit Committee will conduct data verification and find solutions (if any) and further report to the Board of Directors of the Company. As for a letter by an anonymous sender, the company will consider only the ones that provide useful information or recommendations for our operations.

## Anti-Corruption

By the adoption of the Philosophy of Sufficiency Economy, the Company recognizes to use that philosophy leading to the sustainable growth and adhering business operating ideal in integrity, ethics, social responsibility to all relevant stakeholders following by the Good Corporate Governance Principle.

Being part of Code of Conduct, the Company made “Policy on Anti-Corruption” along with made Anti-Corruption Policy manual and communicate with all employees and create understanding on anti-corruption consciousness because fraud corruption becomes to pressure and interference business, society, and nation. To prevent on anti-corruption is based on collaboration from all sectors to drive and cultivate Thai society about say no to corruption.

In 2015, the Company received the evaluation result in developing the Anti-Corruption Progress Indicator of listed companies, which organized by Thaipat Institute in the support of the Securities Exchange Commission (SEC) and rated level “3” (Established), indicating policy to oppose bribing government officials and those related to corruption as well as policy to communicate and educate employees regarding anti-corruption policy and practices at least once a year.

During 2016-2020 the Company continuously communicated “Anti-Corruption Policy” consistently to the board of directors, management, employee and relevant stakeholders to understand their roles, responsibilities and disciplinary violation. On August 2020, the Company was selected by Thaipat Institute as one of Environmental, Social and Governance or ESG 100 publicly listed companies in 2020 (4-year continuance since 2017) which one of such ESG100 list criteria, it monitored including companies’ involvement in and response to violations, law suits and controversies while during the evaluation period, there were no Company’s directors and management involved with law suits or received any penalty /punishment from the Securities and Exchange Commission (SEC) during the evaluation period. It can represent that a good start to reflect the consciousness of Company’s directors and management to deploy the “Policy on Anti-Corruption” as a guideline to perform their fiduciary duties and create strong commitment to staff and other stakeholders on sustainability performance.

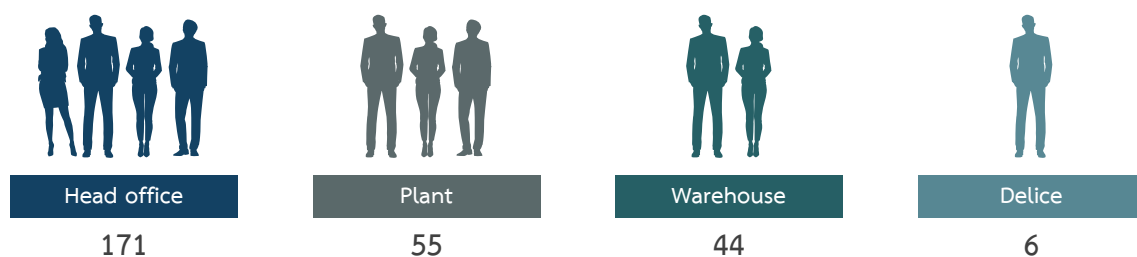
The Company also made “Policy on Whistle Blowing” for all concerned stakeholders such as employees, shareholders, investors, suppliers, partners, customers, creditors, government sectors and authorities or relevant persons as a channel to inform, report, and audit when having seen any action or violation support or non-compliance anti-corruption policy and measurement, including protection and liability measures to stakeholders. By such channel, the Company created opportunity to stakeholders to inquire, recommend and whistle or file complaint on illegal action, accuracy of financial statements, deficiency of internal control or unethical business ethics and code of conduct so the Company can receive faster information and provide problem-solving immediately.

In addition, Dharmniti Internal Audit CO., LTD was appointed by the Audit Committee to perform company internal auditor and provide audit and review on internal control and work process to be complied with relevant rules and regulation of responsible authorities as well as provided effective audit to prevent gap in any related corruption action. In 2020, there were no issues or no significant mistakes on corruption and non-compliance with policy, legal, regulation requirements and misconduct.

## Personnel Development

The Company recognizes that efficient workforce is a key factor to the success of the organization according to the goals of the Company. To promote the development of human resources for employees is to develop their expertise and work experience together with work ethics, integrity, personal and stakeholder responsibility and expect employees to utilize their knowledge in service excellence, response to customers’ needs, think initiatives and brave to present creative ideas for sustainable business expansion growth and maximize long-term value-added equity to relevant stakeholders.

No. of employees (Management included) as at December 31, 2020 - 276 employees



### ➤ Respect to Human Rights

The Company adheres with business ethics and respects significance on human right and dignity which is fundamental right for equitable right and freedom treatment to employees and stakeholders without any policy to limit fundamental rights of race, religion, political opinion, gender, child or disable. Moreover, the Company open-minds to employees and stakeholder to share their opinions thru suggestion channels autonomously.

Employees are respected to treat equitability following by the Company's policy, all shall:

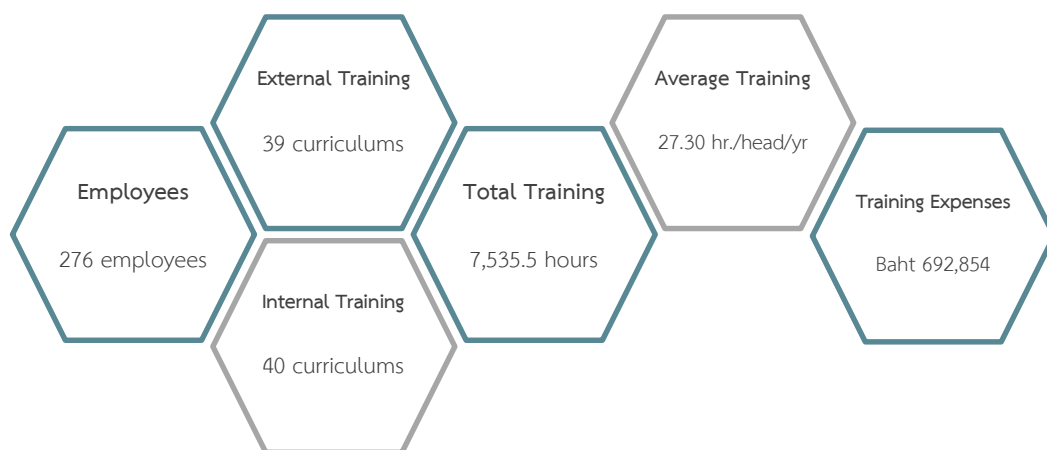
- reserve clearly access corporate welfares;
- have no discrimination on direct and indirect human rights, genderless and mentality such as social security, annual medical check-up, healthcare, eligibility to participate in training to maximize their knowledge and experience, job fit and equivalent beneficiary reserve.

➤ Fair treatment to Employees

Key factor driving Company to construct long-term growth is 'employee', the Company emphasizes on fair treatment to employees by providing clear policy to cover employees' remunerations such as income, salary, bonus, social security, provident fund, OPD, uniform, holidays, workplace health safety and environment and encouraging employee to maximize their knowledge by participating in seminars or in-house or out-house trainings as follows.

- Open-mind to employees to develop skills and maximize ability to promote for their future career path, if necessary. The Company provides annual training for all employees and all positions both internal and external trainings or continuous encouragement all of them for external seminars as considered as part of Human Resources functions to provide sufficient curriculums to all employees.
- Encourage women into middle and executive positions and manage gender balancing of executive positions between men and women with same rankings. Compared with executive positions, the Company has women in executive positions at 60 percent per men in executive positions at 40 percent.
- Develop policy regarding to occupational health and safety in the workplace to prevent unsafely incidents in such workplace without health risk. The Occupational Safety, Health, and Environment (OSH&E) sub-committee, our Company production line which is located in Bangpa-in industrial estate, Ayutthaya province, is established policy on safety aiming to monitor and analyze protection measures on all ended safety work-in-process and usually held meeting on regular basis under the oversight of the Safety Committee.
- Building good workplace, equitable employment, no direct and indirect discrimination of any kind, such as race, color, gender, sexual orientation, age, disables, religion and political or other opinions, the Company is entitled occupation opportunity for alien employment in accordance with Alien Employment Act by Department of Employment, Ministry of Labour.
- No lay off policy or termination employment based on management decision or discrimination decision, the Company has no discrimination that may result unfair termination.
- Respect to other opinions and freedom of thought without interference, the Company provides communication channel to open employee feedbacks such as work process improvement, workplace development, comments and suggestions thru "Winner Box".
- Empower of fragile employment and persons with disabilities, in 2020 the Company hired hearing and body impaired 3 persons in total

➤ Policy on Personnel Development



The Company emphasizes on how to apply knowledge, skill and expertise to be integrated for work efficiency efforts, provided quality of service and best result for work processing. Provided policy on personnel development is encouraged employee to self-improvement, practical development in their work field as regular basis for both executives and practitioners.

In 2020, the Company invited experienced and knowledgeable lecturers and encouraged Management and employees go training with other institutions which were 79 training curriculums in total; consisting of 39 internal training curriculums such as Personal Data Protection Act B.E. 2562 (PDPA), Risk Management COSO ERM 2017, Negotiation, Food Safety for HALAL, Good Hygiene practices (GHPs) and Hazard analysis and critical control point (HACCP), Kaizen and 40 external training curriculums from other insititutions. In 2020, Total training expenses is Baht 692,854 and Average training is 27.30 hours/head/year.

The Company encourages staff for organizational development, conducts training workshop “Leader in You” to be encourage developing manager and staff due to the main is leader to the goals efficiently.



## ➤ Staff communication

The Company give importance to all staff using staff communication for acknowledgment on corporate policy activities and other information same direction by email, bulletin, company website under the name “Insight Winner” as well as E-newsletter which are published on monthly. In addition, the company inform via social media community such as Facebook.

In addition, the Company opens opportunity for staff to meet and greet with management in annual seminar, annual company activities and raise opinions when taking part in sub-committee meetings.



## Responsibility to Consumers

As an importer, manufacturer and distributor raw material, ingredients and food additives for food industry, the Company shall provide strictly measures on getting rid of unsafe products and best delivery quality, safe and hygienic package to our consumers. Starting from the process of selecting and sourcing products, product development for distribution and products delivery to our target customers based on the following responsibilities to: -

- take any action and think of safe and hygienic products as important concerns
- disclose accuracy of news and information of products and services
- take no action that will make unclear, distort information on products and services, exaggerated advertisement, ignore significant information that may lead into misunderstanding
- research and develop products and services innovation consistently
- emphasize on business processes and activities that bring the utmost profits to society, community and environment for sustainable consumption.
- welcome to customers' complaints thru Company's website

The Company recently granted Direct Marketing Certification from the Office of the Consumer Protection Board (OCPB), which comply with corporate good governance, transparent business, non-hype advertising, products

and services quality and responsibility to consumers While the OCPB Direct Marketing Certification mark is used as registered document to certify the online business registration the Company's online website.

### **Care for environment and community development**

The Company is not only operated business for sustainable growth but also aware of environmental concerns and community development. Company staff get involve with proposing CSR projects and CSR concerns by giving back activities to community that is part of our production base for example; support academic equipment and scholarship to school that located nearby the area of our plant location in Bangpa-in industrial estate, Ayutthaya province as well as consistently support budget on flood prone areas in Ayutthaya province.

In 2020, the company had campaigned to reduce paper used continuously including improving system and operate procedure by though online channel to replace papers such as performance appraisal system, ISO standard form to change from paper to online which the employees are aware to use papers efficiently.

Additionally, The Company focuses on resource efficiency for environmental care such as water, electricity. our plant established policy on wastewater control which the water analysis result for past 5 years shown that the Company passed wastewater test in accordance with Bangpa-in industrial estate rules and regulations indicated BOD in 20 Celsius within 5 days and not exceed to 500 miligram/litre.

### **Innovation and disseminating innovation from CSR-in-Process to environment and stakeholders**

The Company develops corporate information technology system under "Enterprise Resources Planning project" (ERP) aiming to reduce complicated work problems and manage corporate business resources efficiently and effectively. As one of stakeholders, staff can experience ERP knowledge sharing both knowledge exchange, development of learning curve, mutual-working across business units and playing key roles in designing their own responsibilities for ERP project as Project Leader, Functional Manager and Functional Team Leader via the intensive working group sessions. As considered by such corporate project, it creates the tailor-made answer for corporate users and maximizes utmost benefits for organization.



## CSR activities (after process)

The Company participated in the role-play of social works, community, and environmental development consistently, by the Company's policy, taking place of relevant activities and taking care of social communities are being part of our CSR Activities for example CSR-after-Process; activities related to social support while CSR-in-Process related to corporate responsibility in business operating process.

In 2020, the Company participated in CSR Activities as follows.



Domination to Nature Valley products 180 cartons at King Chulalongkorn Memorial Hospital to be morale for medical personnel to treat of COVID-19 patients.



Give PPE 500 sets and alcohol 960 bottles to Mr. Chaiwat utaiwan Director of the warehouse of the Thai Red Cross Society under the project "Fight COVID Volunteer" to allocate at lack hospital.



Domination to Nature Valley products 180 cartons and alcohol at Priest Hospital to give medical personnel and monk.



Domination to Nature Valley products 30 cartons and alcohol at various temples Consist of Wat Rakhang Khositaram Woramahawiharn, Wat Arun Ratchawararam Ratchawaramahawihan, Wat Mangkorn Kammalawas, Wat Yannawa and Wat That Thong.



Give to Mask and alcohol gel at 33 schools to students, teachers and staffs.



Give to Mask 9 boxes and Nature Valley products 30 cartons at BORDER PATROL POLICE BUREAU CMS to students, teachers and police.



# Internal Control and Risk Management

## Comments from the Board of Directors towards the Company's Internal Control

Regarding to the Board of Directors' Meeting No. 1/2021 on February 25, 2021, which the Audit Committee also attended, the Board assessed the internal control systems by asking information from managements and considering the internal control evaluation report for the year 2020 on the adequacy of internal control systems of the Company. In accordance with International Standards of COSO (The Committee of Sponsoring Organizations of the Treadway Commission), the Board of Directors, the Audit Committee and internal auditors concluded that the Company's internal control systems were adequate and appropriate to business, as follows:

### 1. Internal Environment

The Company set clear and measurable business targets and reviewed periodically. The Company's organization chart showed lines of duties; authority tables in written format; and key business processes manual, which were updated in line with the laws and regulations.

### 2. Risk Assessment

The Audit Committee and the Risk Management Committee assessed both internal and external risk factors which would affect each business processes in order to analyze and prioritize the impacts and the probabilities of occurrence; and established the appropriate risk management measures.

### 3. Control Activities

The Company policies were used as guidelines systematically and effectively in order to achieve the business objectives and business targets. The authority tables clearly defined the authority level and the approval limit for each level of management. Besides, the Company policies were: segregation of duty; the duties of recording and custodian of fixed assets were also segregated; and laws and regulations compliance.

### 4. Information and Communication

The Company properly operated the information systems and channels of communication both internal and external to provide accurate, complete and timely information for business decisions.

### 5. Monitoring

The Company evaluated and communicated internal control deficiencies in a timely manner. Staff reported any issue of concern to their immediate supervisor or manager including the responsible person, including senior management or the Board of Directors as required for taking corrective action.

## Risk Management

The Company had annual review development on risk management framework as used in management tool to achieve corporate's objectives and in accordance with International Standards of COSO-ERM (The Committee of Sponsoring Organizations of the Tread way Commission-Enterprise Risk Management) which current organizations worldwide use will be consisted of 1) Internal Environment 2) Objective Setting 3) Risk Identification 4) Risk Assessment 5) Risk Response 6) Control Activity 7) Information and Communication and 8) Monitoring.

The Company regularly reported on risk monitoring progress thru Risk Management Committee and Board of Directors by quarter to manage risk appetite, evaluated Control Self-Assessment (CSA) from bottom up approach and reviewed on self-related risk activity to staff, if any then reported to their immediate supervisors and Management in Department/Division Meeting by monthly and by each sub-group meetings as well as recorded risk activities in Risk Register for monitoring risk issues systematically.

## Related Party Transaction

### Related transactions with persons who have relationship with the Management and may have conflicts of interest

In 2018 - 2020, Company, its Subsidiary and Person that may have conflicts of interest

Year	Company, its subsidiary and Person that may have conflicts of interest	Relationship
2018	Aesthetic Zecret (AT-ZE) Co., Ltd.	<ul style="list-style-type: none"> <li>- AT-ZE, a subsidiary company, has the following directors same as the Company; Mr. Jane Wongisariyakul, Mrs. Vannaporn Wongisariyakul Miss Kanokpan Kreangkraikrissada, Miss Kanollas Wongisariyakul</li> <li>- As at April 2, 2018, the Company became a major shareholder of AT-ZE with 100% shareholding of registered and paid-up capital.</li> </ul>
2019	Aesthetic Zecret (AT-ZE) Co., Ltd.	<ul style="list-style-type: none"> <li>- AT-ZE, a subsidiary company, has the following directors same as the Company; Mr. Jane Wongisariyakul, Mrs. Vannaporn Wongisariyakul Miss Kanokpan Kreangkraikrissada, Miss Kanollas Wongisariyakul</li> <li>- The Company became a major shareholder of AT-ZE with 100% shareholding of registered and paid-up capital.</li> </ul>
2020	Aesthetic Zecret (AT-ZE) Co., Ltd.	<ul style="list-style-type: none"> <li>- AT-ZE, a subsidiary company, has the following directors same as the Company; Mr. Jane Wongisariyakul, Mrs. Vannaporn Wongisariyakul Miss Kanokpan Kreangkraikrissada, Miss Kanollas Wongisariyakul</li> <li>- The Company became a major shareholder of AT-ZE with 100% shareholding of registered and paid-up capital.</li> </ul>

## Related party transaction of the Company and its subsidiary

The transaction of the Company and its subsidiary with persons who have relationship with the Management and may have conflicts for the year 2018 - 2020 can be summarized as follows.

- The transaction of the Company and its subsidiary with persons who have relationship with the Management and may have conflicts for the year ended December 31, 2018 can be summarized as follows.

Persons who may have conflicts	Transaction Type	Description	Relationship	Transaction Value (Thousand Baht)	Necessity / Reason
<b>Transaction value in profit and loss statements year 2018</b>					
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Purchase of goods and Services	Company's subsidiary	4	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction
Aesthetic Zecret (AT-ZE) Co., Ltd.	Financial support	Interest income	Company's subsidiary	3,195	<u>Audit Committee's Opinion</u> The transaction was necessity and provided on accuracy with careful consideration for the benefits to the Company's business operations.
<b>As at 31 December 2018, the balances of the balances sheets</b>					
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Trade payables	Company's subsidiary	4	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction
Aesthetic Zecret (AT-ZE) Co., Ltd.	Financial support	Long-term loan to subsidiary	Company's subsidiary	<u>Loan</u> 89,420  <u>Interest receivable</u> 2,141	<u>Audit Committee's Opinion</u> The transaction was necessity and provided on accuracy with careful consideration for the benefits to the Company's business operations due to loan interest rate calculated at the market price.

- The transaction of the Company and its subsidiary with persons who have relationship with the Management and may have conflicts for the year ended December 31, 2019 can be summarized as follows.

Persons who may have conflicts	Transaction Type	Description	Relationship	Transaction Value (Thousand Baht)	Necessity / Reason
<b>Transaction value in profit and loss statements year 2019</b>					
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Purchase of goods and Services	Company's subsidiary	611	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction.

Persons who may have conflicts	Transaction Type	Description	Relationship	Transaction Value (Thousand Baht)	Necessity / Reason
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Sales of goods and service	Company's subsidiary	24	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Other income	Company's subsidiary	64	<u>Audit Committee's Opinion</u> The trade price is the market price which sells same to third parties.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Financial support	Interest income	Company's subsidiary	4,316	<u>Audit Committee's Opinion</u> The transaction was necessity and provided on accuracy with careful consideration for the benefits to the Company's business operations.
<b>As at 31 December 2019, the balances of the balances sheets</b>					
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Trade	Company's subsidiary	9	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Trade payables	Company's subsidiary	582	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Financial support	Short-term loan to subsidiary	Company's subsidiary	<u>Loan</u> 14,300  <u>Interest receivable</u> 17	<u>Audit Committee's Opinion</u> The transaction was necessity and provided on accuracy with careful consideration for the benefits to the Company's business operations due to loan interest rate calculated at the market price.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Financial support	Long-term loan to subsidiary	Company's subsidiary	<u>Loan</u> 89,420  <u>Interest receivable</u> 5,318	<u>Audit Committee's Opinion</u> The transaction was necessity and provided on accuracy with careful consideration for the benefits to the Company's business operations due to loan interest rate calculated at the market price.

- The transaction of the Company and its subsidiary with persons who have relationship with the Management and may have conflicts for the year ended December 31, 2020 can be summarized as follows.

Persons who may have conflicts	Transaction Type	Description	Relationship	Transaction Value (Thousand Baht)	Necessity / Reason
<b>Transaction value in profit and loss statements year 2020</b>					
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Purchase of goods and Services	Company's subsidiary	4,272	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Sales of goods and service	Company's subsidiary	823	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Other income	Company's subsidiary	160	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction
Aesthetic Zecret (AT-ZE) Co., Ltd.	Financial support	Interest income	Company's subsidiary	4,927	<u>Audit Committee's Opinion</u> The transaction was necessity and provided on accuracy with careful consideration for the benefits to the Company's business operations.
<b>As at 31 December 2020, the balances of the balances sheets</b>					
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Trade	Company's subsidiary	204	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Other receivables	Company's subsidiary	76	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Normal business	Trade payables	Company's subsidiary	696	<u>Audit Committee's Opinion</u> The transaction was the normal business transaction.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Financial support	Short-term loan to subsidiary	Company's subsidiary	<u>Loan</u> 54,300  <u>Interest receivable</u> 57	<u>Audit Committee's Opinion</u> The transaction was necessity and provided on accuracy with careful consideration for the benefits to the Company's business operations due to loan interest rate calculated at the market price.
Aesthetic Zecret (AT-ZE) Co., Ltd.	Financial support	Long-term loan to subsidiary	Company's subsidiary	<u>Loan</u> 89,000  <u>Interest receivable</u> 359	<u>Audit Committee's Opinion</u> The transaction was necessity and provided on accuracy with careful consideration for the benefits to the Company's business operations due to loan interest rate calculated at the market price.

## Procedure for approval of related party transaction

The resolution of the meeting of the Board of Directors No. 4/2013 on May 28, 2013 states that in the case of transactions of the Company with persons who may have conflicts of interest, gain or loss, or may have any conflict of interest in the future, The Audit Committee shall consider and comment on the necessity and reasonableness of the transaction and the suitability of the price and conditions of entry to be according to the characteristics of normal business practices in the industry and the price shall be compared with the third party or the market price prior to submission to the Board of Directors or the meeting of the shareholders, as the case may be. If the Audit Committee has no expertise in considering transactions that may occur, the Company will arrange for an independent expert or auditor of the Company to give comments on such transactions and the comments shall be proposed to the Audit Committee, the Board of Directors and/or shareholders' meeting, as the case may be. The Directors or executives that are stakeholders will not be entitled to vote on such transaction. The Company will disclose in its annual statement, annual report and notes to the financial statements audited or reviewed by the auditors of the Company.

In addition, the Company will comply with the law related to the Securities and Exchange Commission and rules and regulations, notifications, orders or requirements of the Securities and Exchange Commission in compliance with requirements on the disclosure of related party transactions of the Company according to the accounting standards set by the Federation of accounting profession of Thailand.

## Policy on future transactions

The resolution from the Board of Directors' Meeting has set a policy of making related party transaction that for any transactions that may occur in the future, the Company shall comply with the laws regarding the Securities and Exchange Commission and rules and regulations, notifications, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand, in compliance with requirements on the disclosure of related party transactions of the Company according to the accounting standards set by the Federation of accounting profession of Thailand. The Company has the policy on related party transactions as follows:

- In the case of commercial transactions with general trade conditions, the Company has set the framework for such transactions which was considered and agreed by the Audit Committee prior to submission to the Board of Directors to approve as principle. The management can approve the transaction if the transaction has commercial agreements in the same way that persons of ordinary prudence should be agreed with general contractors in the same situation and with the bargaining power of trade without the influence of their status as directors, management, related parties of the Company or individuals associated with the company. However, the Company shall prepare a report summarizing related party transactions to report at a meeting of the Audit Committee and the Board of Directors on a quarterly basis. In the case of the

Audit Committee and the Board of Directors found that the conduct did not meet the defined policy, the Audit Committee and Board of Directors shall work jointly to find solutions.

- The commercial transactions with general trade conditions must be commercial transactions that the Company normally operates or commercial transactions that similar business to the Company does to support their regular business. The transactions shall have commercial terms and pricing conditions that are fair and do not cause any transfer of interests. The terms and conditions are as follows.
  1. Prices and terms that the Company receives or offers to the public
  2. Prices and terms that related party receives or offers to the public
  3. Prices and terms that the Company can clarify as the price and terms that similar business offers to the public
- The Financial Support in the future will be personal guarantee by major shareholder and/or the Board of Directors in load of the company and its subsidiary with financial institution (No guarantee fee) including the company provided load to the its subsidiary.

If there is any other transaction disassociated with the mentioned terms and conditions, the Company shall present such transactions to the Audit Committee to consider and comment prior to submission to the meetings of the Board of Directors and/or the shareholders to approve. If the committee does not have the expertise to consider the potential transaction, the Company will arrange for an independent expert or auditor to comment on such transactions and the comments shall be proposed to the Audit Committee, the Board of Directors and/or shareholders' meeting, as the case may be, to ensure that the transaction will not migrate or transfer of interests between the Company and individuals who may have conflicts of interest, and the transaction has been done for the optimum benefits of all shareholders.

## **Tendency of future transaction**

The Company, subsidiary company, joint-venture company and the associated company may have tendency on conflicts of interest in the near future, especially inter-transactions which are categorized by normal business operation and supporting business operation under the in-general trade terms with persons or entities from the Company and its subsidiary can account for buy-sell products and service, purchase of raw material, OEM production, rental warehouse, car leasing, employees discount on products, etc. These purchase prices are same as the market price of the Company and its subsidiary provided to third parties.



# Management Discussion and Analysis (MD&A)

## Analysis of Overall Operating Results for the Company and its subsidiary

### 1. Analysis of Operating Results for the Company and its subsidiary

Table 1: Overall operating results for the year 2020

(Unit: Thousand Baht)

	Consolidated Financial Statements		Increase (Decrease)			Separate Financial Statements		Increase (Decrease)	
	2020	2019	Thousand Baht	%		2020	2019	Thousand Baht	%
Total revenues	1,698,267	1,648,292	49,975	3.0		1,656,696	1,606,649	50,047	3.1
Sales and service income	1,687,011	1,633,055	53,956	3.3		1,641,755	1,588,543	53,212	3.3
Cost of sales and service	1,290,129	1,247,598	42,531	3.4		1,260,993	1,214,419	46,574	3.8
<b>Gross profit</b>	<b>396,882</b>	<b>385,457</b>	<b>11,425</b>	<b>3.0</b>		<b>380,762</b>	<b>374,124</b>	<b>6,638</b>	<b>1.8</b>
Other income	11,256	15,237	(3,981)	(26.1)		14,941	18,106	(3,165)	(17.5)
<b>Profit before expenses</b>	<b>408,138</b>	<b>400,694</b>	<b>7,444</b>	<b>1.9</b>		<b>395,703</b>	<b>392,230</b>	<b>3,473</b>	<b>0.9</b>
Selling and distribution expenses	103,806	104,588	(782)	(0.7)		94,883	95,785	(902)	(0.9)
Administrative expenses	182,194	180,753	1,441	0.8		141,405	131,619	9,786	7.4
Loss on impairment of investment in a subsidiary	-	-	-			27,700	13,850	13,850	100.0
<b>Total Expenses</b>	<b>286,000</b>	<b>285,341</b>	<b>659</b>	<b>0.2</b>		<b>263,988</b>	<b>241,254</b>	<b>22,734</b>	<b>9.4</b>
<b>Profit from operating activities</b>	<b>122,138</b>	<b>115,353</b>	<b>6,785</b>	<b>5.9</b>		<b>131,715</b>	<b>150,976</b>	<b>(19,261)</b>	<b>(12.8)</b>
Finance cost	9,607	9,725	(118)	(1.2)		7,999	8,792	(793)	(9.0)
<b>Profit before income tax expenses</b>	<b>112,531</b>	<b>105,628</b>	<b>6,903</b>	<b>6.5</b>		<b>123,716</b>	<b>142,184</b>	<b>(18,468)</b>	<b>(13.0)</b>
Income tax expenses	28,006	21,310	6,696	31.4		30,363	31,110	(747)	(2.4)
<b>Profit for the year</b>	<b>84,525</b>	<b>84,318</b>	<b>207</b>	<b>0.2</b>		<b>93,353</b>	<b>111,074</b>	<b>(17,721)</b>	<b>(16.0)</b>
<b>Other comprehensive income:</b>									
Actuarial gain - net of income tax	1,713	-	1,713	100.0		19	-	19	100.0
<b>Total comprehensive income for the year</b>	<b>86,238</b>	<b>84,318</b>	<b>1,920</b>	<b>2.3</b>		<b>93,372</b>	<b>111,074</b>	<b>(17,702)</b>	<b>(15.9)</b>
<b>Gross profit margin</b>	<b>23.5%</b>	<b>23.6%</b>	<b>(0.1%)</b>			<b>23.2%</b>	<b>23.6%</b>	<b>(0.4%)</b>	
<b>Selling and distribution expenses per net sales</b>	<b>6.2%</b>	<b>6.4%</b>	<b>(0.2%)</b>			<b>5.8%</b>	<b>6.0%</b>	<b>(0.2%)</b>	
<b>Administrative expense per net sales</b>	<b>10.8%</b>	<b>11.1%</b>	<b>(0.3%)</b>			<b>8.6%</b>	<b>8.3%</b>	<b>0.3%</b>	
<b>Net profit margin</b>	<b>5.0%</b>	<b>5.1%</b>	<b>(0.1%)</b>			<b>5.6%</b>	<b>6.9%</b>	<b>(1.3%)</b>	
<b>Earnings per share (Bath/Share)</b>	<b>0.21</b>	<b>0.21</b>	<b>-</b>	<b>-</b>		<b>0.23</b>	<b>0.28</b>	<b>(0.05)</b>	<b>(17.9)</b>

In 2020, the Company and its subsidiary had total comprehensive income for the year amount of Baht 86.2 million, increasing from the previous year amount of Baht 1.9 million or 2.3% while the profit for the year slightly increased amount of Baht 0.2 million and other comprehensive income from actuarial gain - net of income tax was Baht 1.7 million.

The Company and its subsidiary's profit for the year was Baht 84.5 million, slightly increasing from the previous year amount of Baht 0.2 million due to sales and service income increased amount of Baht 54.0 million while

costs of sales and service increased amount of Baht 42.5 million. As a result, gross profit increased amount of Baht 11.4 million and gross profit margin was 23.5% or decreasing 0.1%. Moreover, selling and distribution expenses decreased amount of Baht 0.8 million and finance cost decreased amount of Baht 0.1 million while other income decreased amount of Baht 4 million, administrative expenses increased amount of Baht 1.4 million and income tax expenses increased amount of Baht 6.7 million.

## 1.1 Revenues from sales and service

Table 2: Revenues from sales separated by operating segment for the year 2020

(Unit: Thousand Baht)

Operating Segment	2020		2019		Increase (Decrease)	%
	Thousand Baht	%	Thousand Baht	%		
Industrial food products segment	696,996	41.3	646,375	39.6	50,621	7.8
Consumer food products segment	939,918	55.7	942,060	57.7	(2,142)	(0.2)
Manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment	50,097	3.0	44,620	2.7	5,477	12.3
<b>Total</b>	<b>1,687,011</b>	<b>100.0</b>	<b>1,633,055</b>	<b>100.0</b>	<b>53,956</b>	<b>3.3</b>

The Company and its subsidiary had revenues from sales and service amount of Baht 1,687.0 million, increasing from the previous year amount of Baht 54.0 million or 3.3%. Revenues from sales of industrial food products segment increased amount of Baht 50.6 million or 7.8% which was mainly from the product category of food additives and food supplementary substances and revenues from sales of manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment increased amount of Baht 5.5 million or 12.3% which was from the product category of skin care products. By the way, revenues from sales of consumer food products segment slightly decreased amount of Baht 2.1 million or 0.2%.

## 1.2 Gross Profit

The Company and its subsidiary's gross profit was Baht 396.9 million, increasing from the previous year amount of Baht 11.4 million which was from the Company's gross profit amount of Baht 380.8 million, increasing from the previous year amount of Baht 6.6 million which is consistent with increasing in sales.

The Company and its subsidiary's gross profit margin was 23.5%, decreasing from the previous year 0.1% while the Company's gross profit margin was 23.2%, decreasing from the previous year 0.4%.

### 1.3 Other Income

The Company and its subsidiary's other income was Baht 11.3 million, decreasing amount of Baht 4.0 million mainly from gain on exchange rate decreased amount of Baht 1.4 million, commission income decreased amount of Baht 1.6 million, revenues from bad debt recovery decreased amount of Baht 0.3 million and other income decreased amount of Baht 0.7 million.

### 1.4 Expenses

- Selling and distribution expenses

The Company and its subsidiary's selling and distribution expenses was Baht 103.8 million, decreasing from the previous year amount of Baht 0.8 million or 0.7%. The ratio of selling and distribution expenses per net sales was 6.2%, decreasing from the previous year 0.2% which was from marketing and sale promotion expenses decreased amount of Baht 3.2 million and delivery expenses decreased amount of Baht 1.1 million while employee expenses increased amount of Baht 3.4 million.

- Administrative expenses

The Company and its subsidiary's administrative expenses was Baht 182.2 million, increasing from the previous year amount of Baht 1.4 million or 0.8%. The ratio of administrative expenses per net sales was 10.8% or decreasing from the previous year 0.3%.

The Company's administrative expenses was Baht 141.4 million, increasing from the previous year amount of Baht 9.8 million or 7.4%. The ratio of administrative expenses per net sales was 8.6% or increasing from the previous year 0.3% which was mainly from the following reasons;

- Employee expenses increased amount of Baht 5.8 million. / Allowance for doubtful debts increased amount of Baht 1.1 million which expenses was recognised amount of Baht 0.7 million in this year while was reversed amount of Baht 0.4 million in the previous year. / Provision for loss from obsolete stock increased amount of Baht 3.5 million which expenses was recognised amount of Baht 2.7 million in this year while was reversed amount of Baht 0.8 million in the previous year. / And other expenses increased approximately amount of Baht 1.0 million.
  - Meanwhile, loss from expired and damage stock destruction decreased amount of Baht 1.7 million. The expired and damage stock which were destroyed in this year were Baht 2.8 million while in the previous year were Baht 4.5 million due to the Company has more efficiency in inventory management.
- Loss on impairment of investment in a subsidiary

The subsidiary had loss from operation and a capital deficit. In 2020, the Company performed impairment test on investment in a subsidiary by reviewing the recoverable value of the cash generating unit by using the value-in-use method and found that the recoverable value was lower than book value of investment in a subsidiary amount of Baht 41.5 million which the Company recognised provision for loss

on impairment of investment in a subsidiary amount of Baht 13.8 million in the previous year. As a result, the Company recognised provision for loss on impairment of investment in a subsidiary amount of Baht 27.7 million in the current year. (recognised as expenses in separate financial statements and eliminated this transaction in consolidated financial statements)

At present, the Company is in process of financial and operation management to encourage the better performance of the subsidiary in the future.

### **1.5 Profit for the year**

In 2020, the Company and its subsidiary's profit for the year was Baht 84.5 million, increasing from the previous year amount of Baht 0.2 million or 0.2% which was from the Company's profit for the year amount of Baht 93.4 million, decreasing from the previous year amount of Baht 17.7 million or 15.9% while the subsidiary had loss for the year amount of Baht 33.8 million, decreasing from the previous year amount of Baht 6.6 million or 16.4%. Besides, there are eliminated transactions amount of Baht 24.9 million in consolidated financial statements which were mainly from loss on impairment of investment in a subsidiary.

### **1.6 Other comprehensive income**

Other comprehensive income for the year 2020 was Baht 1.71 million which was from the Company's actuarial gain - net of income tax amount of Baht 0.02 million and the subsidiary's actuarial gain - net of income tax amount of Baht 1.69 million. In Q4/2020, the Company and its subsidiary engaged with independent expert to evaluate provision for post-employment benefits expense to comply with related financial reporting standards and recognised gain in other comprehensive income amount of Baht 2.14 million which deducted deferred income tax amount of Baht 0.43 million. Meanwhile, there was no this transaction in the previous year.

However, the Company engages with independent expert to evaluate provision for post-employment benefits expense based on actuarial principle to comply with related financial reporting standards approximately every 3 years or when there is a change in situation which significantly effects to post-employment benefit obligations.

### **1.7 Total comprehensive income for the year**

The Company and its subsidiary's total comprehensive income for the year 2020 was Baht 86.2 million, increasing from the previous year amount of Baht 1.9 million or 2.3% which was resulted from increasing in profit for the year amount of Baht 0.2 million and other comprehensive income from actuarial gain - net of income tax amount of Baht 1.7 million.

## 2. Financial Position Analysis

Table 3: Overall Financial Position of the Company and its subsidiary as at 31 December 2020

(Unit: Thousand Baht)

	Consolidated Financial Statements				Increase	
	31 Dec 20	%	31 Dec 19	%	(Decrease)	%
Current Assets	681,707	57.7	667,437	58.4	14,270	2.1
Non-Current Assets	499,438	42.3	474,717	41.6	24,721	5.2
<b>Total Assets</b>	<b>1,181,145</b>	<b>100.0</b>	<b>1,142,154</b>	<b>100.0</b>	<b>38,991</b>	<b>3.4</b>
Current Liabilities	444,004	37.6	345,037	30.2	98,967	28.7
Non-Current Liabilities	117,892	10.0	184,107	16.1	(66,215)	(36.0)
<b>Total Liabilities</b>	<b>561,896</b>	<b>47.6</b>	<b>529,144</b>	<b>46.3</b>	<b>32,752</b>	<b>6.2</b>
Shareholders' equity	619,249	52.4	613,010	53.7	6,239	1.0
<b>Total liabilities and shareholders' equity</b>	<b>1,181,145</b>	<b>100.0</b>	<b>1,142,154</b>	<b>100.0</b>	<b>38,991</b>	<b>3.4</b>

Separate Financial Statements				Increase	
31 Dec 20	%	31 Dec 19	%	(Decrease)	%
665,520	56.7	669,493	59.1	(3,973)	(0.6)
508,701	43.3	463,471	40.9	45,230	9.8
<b>1,174,221</b>	<b>100.0</b>	<b>1,132,964</b>	<b>100.0</b>	<b>41,257</b>	<b>3.6</b>
401,228	34.2	302,080	26.7	99,148	32.8
106,419	9.1	177,682	15.7	(71,263)	(40.1)
<b>507,647</b>	<b>43.2</b>	<b>479,762</b>	<b>42.3</b>	<b>27,885</b>	<b>5.8</b>
666,574	56.8	653,202	57.7	13,372	2.0
<b>1,174,221</b>	<b>100.0</b>	<b>1,132,964</b>	<b>100.0</b>	<b>41,257</b>	<b>3.6</b>

### 2.1 Assets

As at 31 December 2020, the Company and its subsidiary had total assets amount of Baht 1,181.1 million which were consisted of current assets amount of Baht 681.7 million or 57.7% of total assets and non-current assets amount of Baht 499.4 million or 42.3% of total assets.

The main compositions of assets were property, plant and equipment amount of Baht 336.8 million or 28.5%, trade and other receivables amount of Baht 327.8 million or 27.8%, inventories amount of Baht 295.9 million or 25.0%, goodwill amount of Baht 94.4 million or 8.0%, cash and cash equivalents amount of Baht 43.8 million or 3.7% and right-of-use assets amount of Baht 43.5 million or 3.7%.

- Current assets were Baht 681.7 million, increasing from the previous year amount of Baht 667.4 million or 2.1%.
- Non-current assets were Baht 499.4 million, increasing from the previous year amount of Baht 474.7 million or 5.2% which were mainly resulted from;
  - Right-of-use assets increased amount of Baht 43.5 million due to TFRS16-Leases which was effective in 2020. The standards set out principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.
  - Meanwhile, advance for rental expense decreased amount of Baht 2.3 million due to the new reclassification by presenting included in right-of-use assets according to TFRS16-Leases. Besides, property, plant and equipment decreased amount of Baht 17.4 million mainly from the acquisition of assets amount of Baht 12.1 million such as building improvements and furniture and fixtures approximately Baht 3 million (e.g. build application lab, goods repacking room and meeting room at warehouse), office equipment Baht 2 million and machineries to improve the efficiency of production approximately Baht 4 million and etc. Meanwhile, the depreciation expense for the year was Baht 23.3 million and assets disposal was Baht 0.4 million. Moreover, there is a new

reclassification in 2020 by reclassifying vehicles under financial leases - net amount of Baht 5.8 million which had been classified as property, plant and equipment to be included in right-of-use assets according to TFRS16-Leases.

## 2.2 Liabilities

As at 31 December 2020, the Company and its subsidiary had total liabilities amount of Baht 561.9 million, which were consisted of current liabilities amount of Baht 444 million or 79.0% of total liabilities and non-current liabilities amount of Baht 117.9 million or 21.0% of total liabilities.

The main compositions of liabilities were trade and other payables amount of Baht 269.5 million or 48.0%, bank overdrafts and short-term loans from financial institutions amount of Baht 89.8 million or 16.0%, long-term loans from financial institution net of current portion amount of Baht 76.2 million or 13.6% and current portion of long-term loans from financial institution amount of Baht 40.5 million or 7.2%.

- Current liabilities increased from the previous year amount of Baht 99 million or 28.7% which were mainly resulted from;
  - Bank overdrafts and short-term loans from financial institutions increased amount of Baht 44.6 million. Trade and other payables increased amount of Baht 41.6 million. Current portion of liabilities under lease agreements increased amount of Baht 11.9 million which was recognised according to TFRS16-Leases which was effective in 2020 that requires lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. Moreover, current portion of long-term loans from financial institution increased amount of Baht 3.1 million.
  - Meanwhile, current portion of liabilities under finance lease agreements decreased amount of Baht 1.2 million due to the new reclassification by presenting this transaction included in current portion of liabilities under lease agreements according to TFRS16-Leases which was informed in previous paragraph. Besides, advance received from customers decreased amount of Baht 0.5 million.
- Non-current liabilities decreased from the previous year amount of Baht 66.2 million or 36.0% which were mainly resulted from;
  - Long-term loans from financial institution - net of current portion decreased amount of Baht 86.2 million from repayment during the year and liabilities under finance lease agreements - net of current portion decreased amount of Baht 1.5 million due to the new reclassification by presenting this transaction included in liabilities under lease agreements - net of current portion according to TFRS16-Leases which was informed in previous paragraph.
  - Meanwhile, liabilities under lease agreements - net of current portion increased amount of Baht 22 million which was recognised according to TFRS16-Leases which was effective in 2020 as informed in previous paragraph.

## 2.3 Shareholders' equity

Shareholders' equity as at 31 December 2020 was Baht 619.2 million, increasing from the end of previous year amount of Baht 6.2 million due to the Company and its subsidiary had total comprehensive income for the year 2020 amount of Baht 86.2 million while the dividend amount of Baht 80 million was paid during the year.

## 3. Cash flows Analysis

Table 4: Overall cash flow of the Company and its subsidiary for year 2020

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Cash flows from operating activities	155,485	122,737	175,407	155,634
Cash flows used in investing activities	(19,262)	(13,208)	(46,926)	(21,044)
Cash flows used in financing activities	(129,737)	(113,998)	(123,386)	(138,518)
Net increase (decrease) in cash and cash equivalents	6,486	(4,469)	5,095	(3,928)
Cash and cash equivalents at beginning of the year	37,327	41,796	35,724	39,652
Cash and cash equivalents at end of the year	43,813	37,327	40,819	35,724

The Company and its subsidiary had net cash flows from operating activities for the year 2020 amount of Baht 155.5 million which was the Company's net cash flows amount of Baht 175.4 million.

### 3.1 Net cash flows used in investing activities

#### The Company and its subsidiary

- 2020: The Company and its subsidiary had net cash flows used in investing activities approximately amount of Baht 19.3 million which was mainly due to the acquisition of equipment, car under lease agreements and intangible assets during the year amount of Baht 12 million, Baht 4.7 million and Baht 2.7 million, respectively. Meanwhile, interest income was Baht 0.1 million
- 2019: The Company and its subsidiary had net cash flows used in investing activities amount of Baht 13.2 million which was mainly due to the acquisition of equipment and intangible assets during the year amount of Baht 9.3 million and Baht 4.1 million, respectively. Meanwhile, interest income was Baht 0.2 million

#### The Company

- 2020: The Company had net cash flows used in investing activities amount of Baht 46.9 million which was mainly due to loans to subsidiary during the year amount of Baht 40 million and the acquisition of equipment, car under lease agreements and intangible assets during the year amount of Baht 10.2 million, Baht 4.7 million and Baht 2.3 million, respectively. Meanwhile, interest income from loans to subsidiary was Baht 9.9 million and loans repayment from subsidiary was Baht 0.4 million.

- 2019: The Company had net cash flows used in investing activities amount of Baht 21 million which was mainly due to loans to subsidiary during the year amount of Baht 14.3 million and the acquisition of equipment and intangible assets during the year amount of Baht 4.9 million and Baht 3.2 million, respectively. Meanwhile, interest income from loans to subsidiary was Baht 1.3 million.

### 3.2 Net cash flows used in financing activities

#### The Company and its subsidiary

- 2020: The Company and its subsidiary had net cash flows used in financing activities amount of Baht 129.7 million which was mainly due to dividend paid to shareholders amount of Baht 80.0 million, long-term loan repayment to financial institutions amount of Baht 83.6 million and liabilities paid under lease agreements amount of Baht 10.7 million. Meanwhile, short-term trust receipt payable from financial institutions increased amount of Baht 44.6 million.
- 2019: The Company and its subsidiary had net cash flows used in financing activities amount of Baht 114.0 million which was mainly due to dividend paid to shareholders amount of Baht 88 million, long-term loan repayment to financial institutions amount of Baht 35.4 million and liabilities paid under finance lease liabilities amount of Baht 1.3 million. Meanwhile, bank overdrafts and short-term loans from financial institutions increased amount of Baht 0.8 million and long-term loans from financial institutions increased amount of Baht 10 million.

#### The Company

- 2020: The Company had net cash flows used in financing activities amount of Baht 123.4 million which was mainly due to dividend paid to shareholders amount of Baht 80 million, long-term loan repayment to financial institutions amount of Baht 80.2 million and liabilities paid under lease agreements amount of Baht 7.7 million. Meanwhile, short-term trust receipt payable from financial institutions increased amount of Baht 44.6 million.
- 2019: The Company had net cash flows used in financing activities amount of Baht 138.5 million which was mainly due to dividend paid to shareholders amount of Baht 88 million, long-term loan repayment to financial institutions amount of Baht 32.9 million, liabilities paid under finance lease agreements amount of Baht 1.3 million and short-term trust receipt payable repayment to financial institutions increased amount of Baht 16.3 million.

Refer to the above information, the Company and its subsidiary increased in cash and cash equivalents for the year 2020 amount of Baht 6.5 million. Including with cash and cash equivalents as at 31 December 2019 amount of Baht 37.3 million, the Company and its subsidiary's cash and cash equivalents as at 31 December 2020 was totally amount of Baht 43.8 million.



## 4. Financial Ratio Analysis

Table 5: Financial Ratio

Financial Ratio		Consolidated Financial Statements			Separate Financial Statements		
		2020	2019	2018	2020	2019	2018
Gross Profit Margin	%	23.5	23.6	24.3	23.2	23.6	22.5
Net Profit Margin	%	5.0	5.1	5.5	5.6	6.9	6.7
ROE	%	13.7	13.7	14.4	14.1	17.3	16.5
ROA	%	7.3	7.3	8.5	8.1	9.8	10.0
D/E ratio	time	0.9	0.9	0.9	0.8	0.7	0.8

In 2020, The Group's gross profit margin was 23.5 percent which decreased by 0.1 percent from the prior year. The company's gross profit margin in good level was 23.2 percent which decreased by 0.4 percent from the prior year. In 2020, the company and its subsidiary's gross profit margin equaled 5.0 percent which decreased by 0.1 percent from the prior year while ROE represented 13.7 percent, ROA at 7.3 percent equal from the prior year due to increase of profit and D/E ratio equaled to 0.9 time which equal the prior year.

### Factors that might have impacts on financial status or future operating results

The Company is an importer and distributor of raw materials, ingredients and food chemicals and also consumer products. More than 90% of the Company's products are imported products and most of product cost is depend on the exchange rate. In 2020, gross profit margin was 23.2 percent which decreased 0.4 percent from year 2019. The main causes resulted from imported product cost related to the strengthened US currency which is Company's main exchange rate; in 2020 was 29.97-33.26 THB/USD then in 2019 was 30.33 – 32.53 THB/USD. Additionally, in 2020, the company sold more products to major customer group than the previous year which the most selling to major customer group have lower gross profit than retail customer.

In 2020, The sales income of Industry Product for distribution to the food processing industry was 7.8 percent which increased from the prior year. Although, the economic condition was still in deceleration as the result of effect from the pandemic of the COVID-19 but the company was still able maintain market share and expanding new customer base continuously result to sales income increased. However, The Price competition from Industry Products manufacturers and distributors is still high both domestics and international and subject to change as usual in distribution business depending on product volume and sometimes order time. However, the Company considers maintaining gross profit of key product items and developing strategy to present not only product quality to meet customers' needs or source any other substitute products but also always building long-term customer relationship and treating customers as part of corporate growth strategy.

Consumer products were distributed through service customers (HoReCa) - including hotels, restaurants, bakeries and airline caterings and end consumers through modern trade and traditional trade. In 2020, consumer products

sales decreased at 0.2% from previous year due to competitive condition and purchasing power contraction. The the pandemic of the COVID-19 measures of government result to stop hotel, restaurants, Bakery shop and airlines to control the pandemic of the COVID-19 and social distancing. However, the Company had a proactive marketing strategy to increase in the variety of products by selecting new high-quality products to meet the needs of customers, organizing marketing activities and roadshows such as PR advertising to create brand awareness together with continuously expand distribution channel.

Manufacturer and sales skincare and cosmetic, makeup, supplementary food and pharmaceutical segment which is newly business segment from acquisition as Company's subsidiary on April 2018. In 2020, It generated revenue in the amount of Baht 50.1 million increased at 12.3% from the previous year which mainly comes from Skincare and Cosmetics as a bestselling product for OEM customers who wants to have their own brands. Therefore, the subsidiary continuously conducted research and development to sustain current customers-base and extend for new customers. The subsidiary works closely monitoring beauty trend and improve of marketing activities to be consistent with market current situation, develop online distribution channel, search for business partner to co-development and being beneficial for business to create products value in the new future.

## Report of the Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the financial statements of Winner Group Enterprise Public Company Limited as well as financial information presented in the Annual Reports. The said financial statements were prepared in accordance with the financial reporting standards, where an appropriate accounting policy has been selected and implemented on a regular basis and that important information is adequately disclosed in notes to the financial statements.

The Board of Directors appointed the Audit Committee consisting of independent directors to take responsibility for the quality of financial statements and assessment of the internal control system to ensure that the record of accounting is sufficiently accurate, complete and timely, and also to prevent the occurrence of corruption or irregular operations. The Audit Committee's opinion on these matters has been stated in the Audit Committee's report published in this Annual Report.

The Board of Directors is of the opinion that the Company's internal control system on the whole is satisfactory and able to ensure that the Company's financial statements as of December 31, 2020 present fairly, in all material aspects and in accordance with Thai Financial Reporting Standards, all applicable laws and regulations.



(Mr. Prakarn Tawisuwan)  
Chairman of the Board of Directors



(Mr. Jane Wongisariyakul)  
Chairman of Executive Committee / CEO

## Report of the Audit Committee

The Board of Directors of Winner Group Enterprise Public Company Limited consists of 3 independent directors. The qualifications of all the three members meet with the regulations of the Securities and Exchange Commission (SEC) and Stock Exchange of Thailand, one of which is competent and has experience in accounting.

The Audit Committee has performed duties as assigned by the Board of Directors, which is in accordance with the Charter and in accordance with the Notification of the Stock Exchange of Thailand. In 2020, the Audit Committee held a total 5 meetings, each committee member attended the meetings as shown in the following details.

- |                            |                             |                       |
|----------------------------|-----------------------------|-----------------------|
| 1. Mr. Prakarn Tawisuwan   | Chairman of Audit Committee | attended 5/5 meetings |
| 2. Miss Thipawan Uthaisang | Member of Audit Committee   | attended 5/5 meetings |
| 3. Dr. Warunee Varayanond  | Member of Audit Committee   | attended 5/5 meetings |

The Audit Committee also has meetings with the Company's management and both external and internal auditors, which could be summarized as the followings.

1. Quarterly reviewed the financial statements and annual financial statements already examined and verified by the external auditor, by reviewing them together with the executives and external auditor regarding the accuracy and completeness of the documents as well as the sufficiency of disclosure. For 2020, the Audit Committee members gave their opinions in compliance with the external auditor that the Company's financial statements were appropriately accurate according to Thai Financial Reporting Standards. The Committee also met among themselves without the management team once this year.
2. Considered the connected transactions and transactions which may cause conflicts of interest, in compliance with the laws and regulations of the Stock Exchange of Thailand. The external auditor reviewed these items and found that they had all been sufficiently disclosed in the Company's financial statements. The Audit Committee was of the opinion with the external auditor, and agreed that the disclosures were reasonable and benefit to the Company.
3. Reviewed the Company's internal audit and internal control to ensure the independency and efficiency. joint-reviewed annual internal audit plan as well as joined meeting with Company's auditor and/or Company's internal audit without Management at least once a year which will be held on Quarter 4 of the year, advised and followed up corrective action on significant audit findings so as to improve good governance and adequate internal control. The Audit Committee's opinions were consistent with the internal audit; that the Company has adequate internal control and appropriate to the nature of the Company's business.
4. Reviewed and monitored the Company's corporate governance policy, charter of the Board of Director, charters of sub-committees and code of conduct as well as performing duties assigned by the Board regarding the policy on communication with the board of directors and whistle-blowing.

5. Reviewed the appropriateness and adequacy of risk management, by monitoring the risk management plans of 2020 and evaluating the risk management measures.
6. Considered, selected and recommended the nomination of external auditors and their remuneration by considering their past performance. Having evaluated their independence, quality of audit work, the remuneration, they are qualified with the requirements of the Stock Exchange of Thailand.
7. Considered, selected and recommended the nomination of internal auditors and their remuneration by considering their past performance. Having evaluated their independence, quality of audit work, the remuneration, they are qualified with the requirements.
8. Reported the committee's performance to the Board every quarter and made recommendations beneficial for the administration of the management.

The Audit Committee is of the opinion that the Company had proper risk management, internal control system under good corporate governance abiding to all related laws and regulations. The Company's financial reports and disclosure of information were complete and reliable according to Thai Financial Reporting Standards.



(Mr. Prakarn Tawisuwan)

Chairman of the Audit Committee

February 25, 2021

Winner Group Enterprise Public Company Limited and its subsidiary

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Consolidated Financial Statements and Independent Auditor's Report

January 1, 2020 to December 31, 2020

# Independent Auditor's Report

To the Shareholders of Winner Group Enterprise Public Company Limited

## Opinion

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

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

## Basis for Opinion

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

## Key Audit Matters

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

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

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

#### Sales income

Sales income is significant to the Group's financial statements and directly impacts the Group's annual operating results. I therefore focused on the recognition of sales income, especially the timing of revenue recognition.

I assessed the Group's internal controls related to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I checked documents supporting sales transactions occurring during the year and near the period-end. I also reviewed credit notes issued by the Group to customers after the end of the reporting period and performed an analytical review on the sales account

#### Allowance for diminution in inventory value

Estimating the net realisable value of inventory, as disclosed in Note 10 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of obsolete inventory. This requires analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. Moreover, the Group's inventory mainly consists of food products with a finite life cycle which may cause a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed the methods and the assumptions applied by the management in determining such provision by gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis. I also performed an analytical review on the inventory holding periods and inventory movements to identify product group with indicators of lower than normal inventory turnover and compared proceeds from sales transactions occurring after the date of the financial statements to the costs of inventory by product group.

#### Impairment of goodwill in the consolidated financial statements, impairment of investment in a subsidiary and allowance for expected credit losses of loans to a subsidiary in the separate financial statements

A subsidiary has operating loss and a capital deficit which the Group's management is implementing financial and operational measures to improve the subsidiary's future performance. As at 31 December 2020, the Group's consolidated financial statements included goodwill from purchase of investment in subsidiary of Baht 94 million and the Company's separate financial statements included net investment in this subsidiary of Baht 122 million (net of allowance for impairment) and loans to a subsidiary of Baht 143 million. I have paid particular attention to the determination of impairment loss on goodwill and investment in subsidiary and allowance for expected credit losses of loans to a subsidiary since these accounts required the exercise of significant management judgement with respect to projections of the future operating performance and cash flow of the subsidiary, and the determination of an appropriate discount rate and key assumptions, there is thus a risk with respect to the amount of impairment loss and allowance for expected credit losses.



For the impairment of goodwill and investment in a subsidiary, I assessed the management's identification of cash-generating units. I also gained an understanding of and assessed the cash flow projections of the subsidiary, based on the understanding I gained of the process by which management arrived at the figures, comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in preparing the cash flow projections, comparison of the long-term growth rate with economic and industry forecasts and assessment of the discount rate based on comparison of the average cost of capital and other data with those used by comparable organisations in the same industry.

For the allowance for expected credit losses on loans to a subsidiary, I assessed the appropriateness of management's assumptions used in preparing plans and projections of future cash flows of the subsidiary and the expected credit losses calculation from expected losses to be incurred by individual accounts receivable

### **Other Information**

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

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

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

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

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

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

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

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

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

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

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

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

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

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



Watoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 25 February 2021

## Statement of financial position

As at 31 December 2020

### Assets

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Current assets</b>					
Cash and cash equivalents	8	43,813,373	37,327,021	40,818,673	35,724,259
Current investments		-	25,891,702	-	25,891,702
Trade and other receivables	9	327,792,165	307,422,132	325,856,048	307,376,427
Loans to subsidiary	7	-	-	-	14,300,000
Inventories	10	295,869,241	282,945,871	285,514,067	273,612,461
Other current assets		14,232,223	13,850,984	13,331,687	12,587,741
<b>Total current assets</b>		<b>681,707,002</b>	<b>667,437,710</b>	<b>665,520,475</b>	<b>669,492,590</b>
<b>Non-current assets</b>					
Restricted bank deposits	11	951,342	944,777	-	-
Loans to subsidiary	7	-	-	54,300,000	-
Long-term loan to subsidiary	7	-	-	89,000,000	89,420,000
Investment in subsidiary	12	-	-	122,301,028	150,001,028
Goodwill	13	94,446,319	94,446,319	-	-
Property, plant and equipment	14	336,754,076	354,116,206	200,346,293	208,991,245
Right-of-use assets	15.1	43,524,896	-	28,699,222	-
Intangible assets	16	9,941,555	11,162,944	8,406,537	9,550,005
Prepaid rental		-	2,299,372	-	-
Deferred tax assets	25	10,257,332	8,209,068	3,034,639	2,920,143
Other non-current financial assets		3,562,567	-	2,613,208	-
Other non-current assets		-	3,538,476	-	2,589,116
<b>Total non-current assets</b>		<b>499,438,087</b>	<b>474,717,162</b>	<b>508,700,927</b>	<b>463,471,537</b>
<b>Total assets</b>		<b>1,181,145,089</b>	<b>1,142,154,872</b>	<b>1,174,221,402</b>	<b>1,132,964,127</b>

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

## Statement of financial position (continued)

As at 31 December 2020

### Liabilities and shareholders' equity

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	17	89,802,762	45,235,797	61,802,762	17,235,797
Trade and other payables	18	269,460,801	227,889,844	265,302,976	220,765,034
Advances received from customers		3,551,556	4,068,188	-	-
Current portion of liabilities under finance lease agreements		-	1,165,731	-	1,165,731
Current portion of lease liabilities	15.2	11,935,821	-	8,783,947	-
Current portion of long-term loans from financial institution	19	40,470,913	37,377,523	37,077,531	33,989,755
Income tax payable		14,676,195	15,064,173	14,676,195	15,064,173
Provision for goods return	20	5,095,108	5,417,628	5,095,108	5,417,628
Derivative liabilities	32.1	2,116,938	-	2,116,938	-
Other current liabilities		6,893,484	8,818,555	6,372,772	8,442,158
<b>Total current liabilities</b>		<b>444,003,578</b>	<b>345,037,439</b>	<b>401,228,229</b>	<b>302,080,276</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements - net of current portion		-	1,460,368	-	1,460,368
Lease liabilities - net of current portion	15.2	22,006,354	-	12,047,324	-
Long-term loans from financial institution - net of current portion	19	76,171,915	162,411,186	75,522,286	158,376,193
Provision for long-term employee benefits	21	19,317,039	19,587,241	18,706,394	17,686,414
Other non-current liabilities		397,558	648,328	143,555	159,087
<b>Total non-current liabilities</b>		<b>117,892,866</b>	<b>184,107,123</b>	<b>106,419,559</b>	<b>177,682,062</b>
<b>Total liabilities</b>		<b>561,896,444</b>	<b>529,144,562</b>	<b>507,647,788</b>	<b>479,762,338</b>

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

## Statement of financial position (continued)

As at 31 December 2020

### Liabilities and shareholders' equity (continued)

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Shareholders' equity</b>					
Share capital					
Registered					
- 400,000,000 ordinary shares of Baht 0.25 each		100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid-up					
- 400,000,000 ordinary shares of Baht 0.25 each		100,000,000	100,000,000	100,000,000	100,000,000
Premium on ordinary shares		147,706,160	147,706,160	147,706,160	147,706,160
Retained earnings					
Appropriated - statutory reserve	22	10,000,000	10,000,000	10,000,000	10,000,000
Unappropriated		361,542,485	355,304,150	408,867,454	395,495,629
<b>Total shareholders' equity</b>		<b>619,248,645</b>	<b>613,010,310</b>	<b>666,573,614</b>	<b>653,201,789</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,181,145,089</b>	<b>1,142,154,872</b>	<b>1,174,221,402</b>	<b>1,132,964,127</b>

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

## Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income	27	1,687,011,452	1,633,055,334	1,641,754,967	1,588,543,653
Other income		11,255,882	15,237,159	14,941,362	18,105,786
<b>Total revenues</b>		<b>1,698,267,334</b>	<b>1,648,292,493</b>	<b>1,656,696,329</b>	<b>1,606,649,439</b>
<b>Expenses</b>					
Cost of sales and service		1,290,128,650	1,247,597,716	1,260,993,647	1,214,418,661
Selling and distribution expenses		103,805,586	104,587,571	94,882,695	95,785,435
Administrative expenses		182,194,301	180,753,560	141,404,977	131,619,148
Loss on impairment of investment in subsidiary	12	-	-	27,700,000	13,850,000
<b>Total expenses</b>		<b>1,576,128,537</b>	<b>1,532,938,847</b>	<b>1,524,981,319</b>	<b>1,455,673,244</b>
<b>Profit from operating activities</b>		<b>122,138,797</b>	<b>115,353,646</b>	<b>131,715,010</b>	<b>150,976,195</b>
Finance cost	23	(9,607,022)	(9,725,221)	(7,998,540)	(8,791,792)
<b>Profit before income tax expenses</b>		<b>112,531,775</b>	<b>105,628,425</b>	<b>123,716,470</b>	<b>142,184,403</b>
Income tax expenses	25	(28,006,167)	(21,310,673)	(30,363,423)	(31,110,344)
<b>Profit for the year</b>		<b>84,525,608</b>	<b>84,317,752</b>	<b>93,353,047</b>	<b>111,074,059</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gain - net of income tax		1,712,727	-	18,778	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		1,712,727	-	18,778	-
<b>Other comprehensive income for the year</b>		<b>1,712,727</b>	<b>-</b>	<b>18,778</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>86,238,335</b>	<b>84,317,752</b>	<b>93,371,825</b>	<b>111,074,259</b>
<b>Earnings per share</b>	26				
<b>Basic earnings per share</b>		<b>0.21</b>	<b>0.21</b>	<b>0.23</b>	<b>0.28</b>

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

## Statement of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements				
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2019	100,000,000	147,706,160	10,000,000	358,986,398	616,692,558
Profit for the year	-	-	-	84,317,752	84,317,752
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	84,317,752	84,317,752
Dividend paid (Note 29)	-	-	-	(88,000,000)	(88,000,000)
Balance as at 31 December 2019	100,000,000	147,706,160	10,000,000	355,304,150	613,010,310
Balance as at 1 January 2020	100,000,000	147,706,160	10,000,000	355,304,150	613,010,310
Profit for the year	-	-	-	84,525,608	84,525,608
Other comprehensive income for the year	-	-	-	1,712,727	1,712,727
Total comprehensive income for the year	-	-	-	86,238,335	86,238,335
Dividend paid (Note 29)	-	-	-	(80,000,000)	(80,000,000)
Balance as at 31 December 2020	100,000,000	147,706,160	10,000,000	361,542,485	619,248,645

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



## Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2019</b>	100,000,000	147,706,160	10,000,000	372,421,570	630,127,730
Profit for the year	-	-	-	111,074,059	111,074,059
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	111,074,059	111,074,059
Dividend paid (Note 29)	-	-	-	(88,000,000)	(88,000,000)
<b>Balance as at 31 December 2019</b>	100,000,000	147,706,160	10,000,000	395,495,629	653,201,789
<b>Balance as at 1 January 2020</b>	100,000,000	147,706,160	10,000,000	395,495,629	653,201,789
Profit for the year	-	-	-	93,353,047	93,353,047
Other comprehensive income for the year	-	-	-	18,778	18,778
Total comprehensive income for the year	-	-	-	93,371,825	93,371,825
Dividend paid (Note 29)	-	-	-	(80,000,000)	(80,000,000)
<b>Balance as at 31 December 2020</b>	100,000,000	147,706,160	10,000,000	408,867,454	666,573,614

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

## Cash flow statement

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Cash flows from (used in) operating activities</b>				
Profit before tax	112,531,775	105,628,425	123,716,470	142,184,403
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	34,562,633	27,794,458	20,937,192	13,993,958
Amortization	3,871,521	3,068,109	3,461,601	2,930,565
Allowance for expected credit losses				
(2019: Reversal of allowance for doubtful accounts)	974,362	(1,059,950)	680,003	(438,869)
Reduction of inventory cost to net realisable value (reversal)	6,200,764	354,455	2,895,881	(1,267,352)
Loss from written-off obsoleted inventories	3,993,977	4,506,777	2,831,750	4,506,777
Reversal of provision for goods return	(322,520)	(99,816)	(322,520)	(99,816)
Loss on impairment of investment in subsidiary	-	-	27,700,000	13,850,000
Loss (gain) on sales of equipment	(11,527)	10,734	(11,527)	10,734
Loss from written-off assets	406,724	1,971	-	1,971
Gain on valuation of investment in debt instrument	-	(239,279)	-	(239,279)
Gain on sales of investment in debt instrument and closed down the fund	(98,082)	(300,193)	(98,082)	(300,193)
Difference from rental reduction	9,306	-	4,010	-
Provision for long-term employee benefits	2,972,707	5,924,313	2,145,452	5,017,806
Unrealised loss (gain) on exchanges	(1,086,739)	163,043	(1,086,739)	163,043
Interest income	(73,465)	(216,401)	(4,992,538)	(4,516,434)
Interest expenses	9,607,022	9,725,221	7,998,540	8,791,792
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>173,538,458</b>	<b>155,261,867</b>	<b>185,859,493</b>	<b>184,589,106</b>
<b>Operating assets (increase) decrease</b>				
Investment in debt instrument	25,989,784	5,000,000	25,989,784	5,000,000
Trade and other receivables	(21,332,312)	(14,792,939)	(24,066,250)	(19,416,547)
Inventories	(23,118,111)	6,799,812	(17,629,237)	7,099,424
Other current assets	(368,335)	(1,669,050)	(743,946)	(2,425,197)
Deposits	(24,091)	587,850	(24,092)	(149,824)
<b>Operating liabilities increase (decrease)</b>				
Trade and other payables	44,289,933	15,409,482	47,298,966	21,518,885
Other current liabilities	(2,100,508)	(3,481,635)	(1,728,191)	(1,500,509)
Other non-current liabilities	(250,770)	(363,182)	(15,532)	2,920
<b>Cash flows from operating activities</b>	<b>196,624,048</b>	<b>162,752,205</b>	<b>214,940,995</b>	<b>194,718,258</b>
Cash paid for interest expenses	(9,152,523)	(9,402,234)	(7,561,142)	(8,483,850)
Cash paid for corporate income tax	(30,883,794)	(30,279,660)	(30,870,590)	(30,266,877)
Cash paid for employee benefits	(1,102,000)	(333,332)	(1,102,000)	(333,332)
<b>Net cash flows from operating activities</b>	<b>155,485,731</b>	<b>122,736,979</b>	<b>175,407,263</b>	<b>155,634,199</b>

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

## Cash flow statement (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Cash flows from (used in) investing activities</b>				
Increase in restricted bank deposits	(6,565)	(8,344)	-	-
Proceeds from sales of equipment	18,972	2,803	18,972	2,803
Acquisition of equipment	(11,967,028)	(9,285,301)	(10,226,873)	(4,908,466)
Acquisition of vehicle under lease agreement	(4,731,458)	-	(4,731,458)	-
Acquisition of intangible assets	(2,650,132)	(4,133,306)	(2,318,132)	(3,160,546)
Increase in loans to subsidiary	-	-	(40,000,000)	(14,300,000)
Decrease in long-term loan to subsidiary	-	-	420,000	-
Interest income	73,765	215,656	9,911,248	1,322,657
<b>Net cash flows used in investing activities</b>	<b>(19,262,446)</b>	<b>(13,208,492)</b>	<b>(46,926,243)</b>	<b>(21,043,552)</b>
<b>Cash flows from (used in) financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	44,566,965	824,732	44,566,965	(16,283,550)
Cash received from long-term loan from financial institution	-	10,000,000	-	-
Repayment of long-term loans from financial institution	(83,637,834)	(35,437,891)	(80,237,834)	(32,887,891)
Cash paid for prepaid loan fees	-	(37,500)	-	-
Dividend paid	(80,000,000)	(88,000,000)	(80,000,000)	(88,000,000)
Cash paid for liabilities under finance lease agreements	-	(1,347,049)	-	(1,347,049)
Cash paid for lease liabilities	(10,666,064)	-	(7,715,737)	-
<b>Net cash flows used in financing activities</b>	<b>(129,736,933)</b>	<b>(113,997,708)</b>	<b>(123,386,606)</b>	<b>(138,518,490)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,486,352</b>	<b>(4,469,221)</b>	<b>5,094,414</b>	<b>(3,927,843)</b>
Cash and cash equivalents at beginning of year	37,327,021	41,796,242	35,724,259	39,652,102
<b>Cash and cash equivalents at end of year</b>	<b>43,813,373</b>	<b>37,327,021</b>	<b>40,818,673</b>	<b>35,724,259</b>
<b>Supplemental disclosures of cash flows information:</b>				
Non-cash transactions				
Purchase of equipment for which no cash has been paid	168,876	1,353,287	123,679	1,074,017
Purchase of vehicle under lease agreement for which no cash has been paid	6,612,665	-	6,612,665	-
Purchase of intangible assets for which no cash has been paid	-	367,759	-	12,519
Increase in right-of-use assets from lease modification	692,101	-	692,101	-

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

# Winner Group Enterprise Public Company Limited and its subsidiary

## Notes to consolidated financial statements

For the year ended 31 December 2020

### 1. General information

#### 1.1 General information of the Company

Winner Group Enterprise Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in manufacture, import and distributor of raw material, ingredient, chemicals food and consumer product. The registered address of the Company’s head office and branches is as follows:

Head Office:	43 THAI CC TOWER, 21 <sup>st</sup> floor, room no. 214-219, South Sathorn Road, Yannawa, Sathorn, Bangkok
Plant location:	259 Bang-Pa-In Industrial Estate, Moo 2, Klong-Jik, Bang-Pa-In, Ayutthaya
Warehouse:	Warehouse 1 is at 60, Soi Bangna-Trad 26, Bangna, Bangkok. Warehouse 2 is at 23, Soi Bangna-Trad 26, Bangna, Bangkok.
Delice:	43 THAI CC TOWER, G floor, unit 2, South Sathorn Road, Yannawa, Sathorn, Bangkok

#### 1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

### 2. Basis of preparation

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

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

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Winner Group Enterprise Public Company Limited (“the Company”) and the following subsidiary company (“the subsidiary”).

Company	Nature of business	Country of incorporation	Percentage of shareholding	
			2020	2019
			Percent	Percent
Aesthetic Zecret (AT-ZE) Company Limited	Manufacturing of skincare products, cosmetics, food supplements and medicines used to treat skin diseases	Thailand	100	100

- b) The Company is deemed to have control over investees or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investees, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

## 2.3 The separate financial statements present investments in the subsidiary under the cost method.

## 3. New financial reporting standards

### a) Financial reporting standards that became effective in the current year

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

## Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. They also include stipulations regarding the presentation and disclosure of financial instruments.

These standards do not have any significant impact on the Group's financial statements.

## TFRS 16 Leases

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

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

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

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

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

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

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

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, not to account for any reduction in lease payments by lessors as a lease modification, not to consider the COVID-19 pandemic as an indication of an asset and goodwill impairment and whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilised.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets, provisions and contingent liabilities. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Group's financial statements.

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

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

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

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

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

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

(Unit: Thousand Baht)

	Consolidated financial statements			
		The impacts of		
		Financial reporting standards related		
	31 December	to financial	TFRS 16	1 January
	2019	instruments		2020
Statement of financial position				
Assets				
Current assets				
Current investments	25,892	(25,892)	-	-
Other current financial assets	-	25,892	-	25,892
Non-current assets				
Property, plant and equipment	354,116	-	(5,822)	348,294
Right-of-use assets	-	-	42,955	42,955
Prepaid rental	2,299	-	(2,299)	-
Other non-current financial assets	-	3,539	-	3,539
Other non-current assets	3,539	(3,539)	-	-
Liabilities and shareholders' equity				
Current liabilities				
Current portion of liabilities under finance lease agreements	1,166	-	(1,166)	-
Current portion of lease liabilities	-	-	10,647	10,647
Derivative liabilities	-	341	-	341
Other current liabilities	8,819	(341)	-	8,478
Non-current liabilities				
Liabilities under finance lease agreements				
- net of current portion	1,460	-	(1,460)	-
Lease liabilities - net of current portion	-	-	26,813	26,813



(Unit: Thousand Baht)

	Separate financial statements			
	The impacts of			
		Financial reporting standards related		
	31 December	to financial	TFRS 16	1 January
	2019	instruments		2020
Statement of financial position				
Assets				
Current assets				
Current investments	25,892	(25,892)	-	-
Other current financial assets	-	25,892	-	25,892
Non-current assets				
Property, plant and equipment	208,991	-	(5,822)	203,169
Right-of-use assets	-	-	24,546	24,546
Other non-current financial assets	-	2,589	-	2,589
Other non-current assets	2,589	(2,589)	-	-
Liabilities and shareholders' equity				
Current liabilities				
Current portion of liabilities under finance lease agreements	1,166	-	(1,166)	-
Current portion of lease liabilities	-	-	7,648	7,648
Derivative liabilities	-	341	-	341
Other current liabilities	8,442	(341)	-	8,101
Non-current liabilities				
Liabilities under finance lease agreements				
- net of current portion	1,460	-	(1,460)	-
Lease liabilities - net of current portion	-	-	13,702	13,702

## 4.1 Financial instruments

As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows:

(Unit: Thousand Baht)

Consolidated financial statements				
	The former carrying amount	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	37,327	-	37,327	37,327
Other current financial assets	25,892	25,892	-	25,892
Trade and other receivables	307,422	-	307,422	307,422
Restricted bank deposits	945	-	945	945
Other non-current financial assets	3,539	-	3,539	3,539
Total financial assets	375,125	25,892	349,233	375,125

(Unit: Thousand Baht)

		Separate financial statements			
		The former carrying amount	Classification and measurement in accordance with TFRS 9		
			Fair value through profit or loss	Amortised cost	Total
Financial assets as at					
1 January 2020					
Cash and cash equivalents	35,724	-	35,724		35,724
Other current financial assets	25,892	25,892	-		25,892
Trade and other receivables	307,376	-	307,376		307,376
Loans to subsidiary	14,300	-	14,300		14,300
Long-term loan to subsidiary	89,420	-	89,420		89,420
Other non-current financial assets	2,589	-	2,589		2,589
Total financial assets	475,301	25,892	449,409		475,301

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss except derivative liabilities of which fair value is Baht 0.3 million (The Company only: Baht 0.3 million).

## 4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	21,313	13,453
Less: Short-term leases and leases of low-value assets	(1,607)	(1,607)
Add: Option to extend lease term	19,868	8,999
Less: Contracts reassessed as service agreements	(1,668)	(1,129)
Less: Deferred interest expenses	(3,072)	(992)
Increase in lease liabilities due to the adoption of TFRS 16	34,834	18,724
Liabilities under finance lease agreements as at 31 December 2019	2,626	2,626
Lease liabilities as at 1 January 2020	37,460	21,350
Weighted average incremental borrowing rate (percent per annum)	3.5 - 5.0	3.5
Comprise of:		
Current lease liabilities	10,647	7,648
Non-current lease liabilities	26,813	13,702
	37,460	21,350

## 5. Significant accounting policies

### 5.1 Revenue and expense recognition

#### *Sales of goods*

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

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

### *Rendering of services*

Service revenue is recognised at a point in time upon completion of the service.

### *Finance cost*

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

## **5.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **5.3 Inventories**

Finished goods-purchase of merchandise are valued at the lower of cost (under the first-in, first-out method) and net realisable value.

Finished goods and work in process are valued at the lower of cost (under the first-in, first-out method) and net realisable value and includes all production costs and attributable factory overheads.

Raw materials and packaging supplies are valued at the lower of cost (under the first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

## **5.4 Investment in subsidiary**

Investment in subsidiary is accounted for in the separate financial statements using the cost method less allowance for loss on impairment (if any).

## **5.5 Property, plant and equipment/Depreciation**

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

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

Land improvements, buildings, building improvement and leasehold improvement	5 - 30 years
Machinery and equipment	2 - 10 years
Tools and equipment	3 - 10 years
Furniture and fixtures	5 years
Vehicles and labor-saving equipment	5 - 7 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

## 5.6 Leases

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

### Accounting policies adopted since 1 January 2020

The Group as a lessee 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 Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

#### **Right-of-use assets**

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

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

Building spaces	3 - 6 years
Office equipment	4 - 5 years
Vehicles	4 - 5 years

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

#### **Lease liabilities**

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

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

### Short-term leases and leases of low-value assets

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

#### Accounting policies adopted before 1 January 2020

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

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

### 5.7 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

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

Computer software	3 - 10 years
Copyright	5 years

No amortisation is provided on computer software under installation.

### 5.8 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from

the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

## **5.9 Related party transactions**

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

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

## **5.10 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

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

Gains and losses on exchange are included in determining income.

## **5.11 Impairment of non-financial assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. 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 Group 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 (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change

in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

## 5.12 Employee benefits

### *Short-term employee benefits*

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

### *Post-employment benefits*

#### *Defined contribution plans*

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

#### *Defined benefit plans*

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognizes restructuring-related costs.

## 5.13 Provisions

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



## 5.14 Income tax

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

### Current tax

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

### Deferred tax

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

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

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

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

## 5.15 Financial instruments

### Accounting policies adopted since 1 January 2020

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

### Classification and measurement of financial assets

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

### **Financial assets at amortised cost**

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

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

### **Financial assets at FVTPL**

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

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

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

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

### **Derecognition of financial instruments**

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

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

### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the

contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

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

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

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

#### Accounting policies adopted before 1 January 2020

##### **Trade accounts receivable**

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

##### **Investments**

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

The fair value of unit trusts is determined from their net asset value.

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

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

## 5.16 Derivatives

The Group uses derivatives, forward currency contracts, to hedge its foreign currency risk.

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 are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities 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.

## 5.17 Fair value measurement

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

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

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

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

## 6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with 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 loans to subsidiary**

In determining an allowance for expected credit losses of loans to subsidiary, the management is required to exercise judgment in estimating the expected credit losses by individual debtor based on the analysis of debtor status, loan and accrued interest payment plan and the possibility of debt repayment under such plan.

### **Reduction of inventory cost to net realisable value**

In determining a reduction of inventory cost to net realizable value, the management makes judgement and estimates net realizable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

### **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.

### **Leases - The Group as a lessee**

#### *Determining the lease term with extension*

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

#### *Estimating the incremental borrowing rate*

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

### **Deferred tax assets**

Deferred tax assets are recognised 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 utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **Allowance for impairment of non-financial assets**

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to investment in subsidiary and goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the different cash-generating units, including a sensitivity analysis, are disclosed and further explained in Note 13 to the financial statements.

### **Provision for goods return**

The Company recognised a provision for claims for expired goods on products sold during the year, based on past experience of the level of returns. The Company expects most of these costs to be incurred within next year of the reporting date.

### **Post-employment benefits under defined benefit plans**

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

### **Litigation**

The Group has contingent liabilities as a result of litigation. The Group's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

## 7. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with subsidiary</u>					
(eliminated from the consolidated financial statements)					
Purchase of goods	-	-	4.3	0.6	Cost plus margin
Sales of goods	-	-	0.8	-	Cost plus margin
Rental and service income	-	-	-	0.1	Contract price
Interest income	-	-	4.9	4.3	1.82% - 4.75% per annum
Other income	-	-	0.2	-	Agreed price

As at 31 December 2020 and 2019, the balances of the accounts between the Group and its related party are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b><u>Trade and other receivables – related party (Note 9)</u></b>				
Subsidiary				
Aesthetic Zecret (AT-ZE) Company Limited	-	-	696	5,344
<b>Total</b>	<b>-</b>	<b>-</b>	<b>696</b>	<b>5,344</b>
<b><u>Trade payables – related party (Note 18)</u></b>				
Subsidiary				
Aesthetic Zecret (AT-ZE) Company Limited	-	-	696	582
<b>Total</b>	<b>-</b>	<b>-</b>	<b>696</b>	<b>582</b>

### Loans to related party

As at 31 December 2020 and 2019, the balances of loans between the Group and its related party and the movement in loans are as follows:

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at	Increase	Decrease
	31 December 2019	during the year	during the year
<b>Loans to subsidiary</b>			
Aesthetic Zecret (AT-ZE)			
Company Limited	14,300	40,000	-
Less: Amount expected to be received within a year	(14,300)		
Loans to subsidiary – net of amount expected to be received within a year	-		
<b>Long-term loan to subsidiary</b>			
Aesthetic Zecret (AT-ZE)			
Company Limited	89,420	-	(420)

Loans to subsidiary are unsecured promissory notes, carrying interest at 1.82 percent per annum and is to be repaid within 3 months from the drawdown date.

Long-term loan to subsidiary is an unsecured loan, carrying interest at 4.75 percent per annum and is to be repaid within 7 years from the drawdown date.

### Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and managements as below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term employee benefits	29,179	28,346	26,200	21,237
Post-employment benefits	615	581	254	241
<b>Total</b>	<b>29,794</b>	<b>28,927</b>	<b>26,454</b>	<b>21,478</b>

### Guarantee obligations with its related party

The Company has outstanding guarantee obligations with its related party, as described in Note 30.4 to the financial statements.



## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash	141	145	101	95
Bank deposits	43,672	37,182	40,718	35,629
<b>Total</b>	<b>43,813</b>	<b>37,327</b>	<b>40,819</b>	<b>35,724</b>

As at 31 December 2020, bank deposits in saving accounts carried interest at the rate of 0.05 percent per annum (2019: between 0.13 and 0.38 percent per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>Trade receivables - related party</u> (Note 7)				
Aged on the basis of due dates				
Not yet due	-	-	204	9
Total trade receivables - related party	-	-	204	9
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	227,226	237,245	225,210	232,984
Past due				
Up to 3 months	97,106	66,091	96,396	65,162
3 - 6 months	-	260	-	60
6 - 12 months	2,010	92	2,010	92
Over 12 months	200	-	-	-
Total	326,542	303,688	323,616	298,298
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(1,066)	(92)	(772)	(92)
Total trade receivables - unrelated parties - net	325,476	303,596	322,844	298,206
<b>Total trade receivables - net</b>	<b>325,476</b>	<b>303,596</b>	<b>323,048</b>	<b>298,215</b>
<u>Other receivables</u>				
Interest receivables - related party (Note 7)	-	-	416	5,335
Accrued income	2,247	3,605	2,247	3,605
Other receivables - related party (Note 7)	-	-	76	-
Other receivables	69	221	69	221
Total other receivables	2,316	3,826	2,808	9,161
<b>Total trade and other receivables - net</b>	<b>327,792</b>	<b>307,422</b>	<b>325,856</b>	<b>307,376</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 1 January 2020	92	92
Provision for expected credit losses	1,410	1,116
Amount written off	(436)	(436)
As at 31 December 2020	1,066	772

## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2020	2019	2020	2019	2020	2019
Finished goods	176,623	187,645	(7,735)	(4,496)	168,888	183,149
Work in process	1,230	1,905	(308)	(821)	922	1,084
Raw materials	14,357	10,510	(3,409)	(277)	10,948	10,233
Packaging supplies	4,053	3,461	(343)	-	3,710	3,461
Goods in transit	111,401	85,019	-	-	111,401	85,019
<b>Total</b>	<b>307,664</b>	<b>288,540</b>	<b>(11,795)</b>	<b>(5,594)</b>	<b>295,869</b>	<b>282,946</b>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2020	2019	2020	2019	2020	2019
Finished goods	172,513	185,188	(6,235)	(3,322)	166,278	181,866
Work in process	33	88	-	-	33	88
Raw materials	6,402	4,737	(166)	(183)	6,236	4,554
Packaging supplies	1,566	2,085	-	-	1,566	2,085
Goods in transit	111,401	85,019	-	-	111,401	85,019
<b>Total</b>	<b>291,915</b>	<b>277,117</b>	<b>(6,401)</b>	<b>(3,505)</b>	<b>285,514</b>	<b>273,612</b>

During the current year, the Group reduced cost of inventories by Baht 10.9 million (2019: Baht 5.1 million) (The Company only: Baht 6.4 million (2019: Baht 3.5 million)), to reflect the net realisable value. This was included in cost of sales and administrative expenses. In addition, the Group reduced the write-down of cost of inventories by Baht 4.7 million (2019: Baht 4.8 million) (The Company only: Baht 3.5 million (2019: Baht 4.8 million)) and reduced the cost of sales that recognised as expenses during the year.

## 11. Restricted bank deposits

These represent subsidiary's fixed deposits pledged with the banks to secure bank guarantees.

## 12. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Carrying amounts based on cost method - net	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
			(%)	(%)						
Aesthetic Zecret (AT-ZE) Company Limited	80,000	80,000	100	100	163,851	163,851	(41,550)	(13,850)	122,301	150,001

Aesthetic Zecret (AT-ZE) Company Limited (the subsidiary) had operating loss and a capital deficit. During the current year, the Company recorded losses from impairment of investment in a subsidiary of approximately Baht 28 million (2019: Baht 14 million) based on its review of the carrying amount of the investment in the subsidiary through the comparison of the net book value and the recoverable value of the cash generating unit, determined using the value-in-use method.

The Group's management is currently implementing financial and operational measures to improve the subsidiary's future performance.

## 13. Goodwill

The net book values of goodwill as at 31 December 2020 and 2019 represent goodwill from purchase of investment in Aesthetic Zecret (AT-ZE) Company Limited (the subsidiary).

The Company determines the recoverable amount of the cash generating unit from the value in use of assets by estimating future cash flow expected to receive based on the financial plan approved by the management which covers a five-year period.

Key assumptions used in value in use calculation are summarised below.

(Unit: Percent per annum)

Long-term growth rate	1.5
Pre-tax discount rate	10.0

The management determined long-term growth rates based on expected market growth in the industry and economic growth. Pre-tax discount rate reflects the risk specific to each cash generating unit.

The management believes that there is no impairment loss for goodwill.

## 14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land	Land improvements, buildings, building improvement and leasehold improvement	Machinery and equipment	Tools and equipment	Furniture and fixtures	Vehicles and labor-saving equipment	Assets under installation	Total
Cost:								
1 January 2019	148,560	209,462	61,778	25,648	47,299	31,766	3,275	527,788
Additions	-	360	593	2,584	2,207	-	4,895	10,639
Disposals/written-off	-	-	-	(748)	(4,564)	-	-	(5,312)
Transfers in (out)	-	6,476	25	778	385	-	(7,664)	-
31 December 2019	148,560	216,298	62,396	28,262	45,327	31,766	506	533,115
Effect from the adoption of TFRS 16 (Note 4)	-	-	-	-	-	(8,477)	-	(8,477)
1 January 2020	148,560	216,298	62,396	28,262	45,327	23,289	506	524,638
Additions	-	906	794	959	2,543	-	6,934	12,136
Disposals/written-off	-	-	(58)	(614)	(5,560)	(2)	-	(6,234)
Transfers in (out)	-	662	3,934	560	2,026	-	(7,182)	-
31 December 2020	148,560	217,866	67,066	29,167	44,336	23,287	258	530,540

(Unit: Thousand Baht)

## Consolidated financial statements

	Land	Land improvements, buildings, building improvement and leasehold improvement	Machinery and equipment	Tools and equipment	Furniture and fixtures	Vehicles and labor-saving equipment	Assets under installation	Total
<b>Accumulated depreciation:</b>								
1 January 2019	-	63,467	26,423	16,692	35,647	14,272	-	156,501
Depreciation for the year	-	12,554	5,277	2,974	5,231	1,758	-	27,794
Depreciation on disposals/ written-off	-	-	-	(736)	(4,560)	-	-	(5,296)
31 December 2019	-	76,021	31,700	18,930	36,318	16,030	-	178,999
Effect from the adoption of TFRS 16 (Note 4)	-	-	-	-	-	(2,655)	-	(2,655)
1 January 2020	-	76,021	31,700	18,930	36,318	13,375	-	176,344
Depreciation for the year	-	9,970	5,248	2,948	4,677	419	-	23,262
Depreciation on disposals/ written-off	-	-	(37)	(296)	(5,486)	(1)	-	(5,820)
31 December 2020	-	85,991	36,911	21,582	35,509	13,793	-	193,786
<b>Net book value:</b>								
31 December 2019	148,560	140,277	30,696	9,332	9,009	15,736	506	354,116
1 January 2020	148,560	140,277	30,696	9,332	9,009	9,914	506	348,294
31 December 2020	148,560	131,875	30,155	7,585	8,827	9,494	258	336,754
<b>Depreciation for the year</b>								
2019 (Baht 11.1 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								27,794
2020 (Baht 11.0 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								23,262

(Unit: Thousand Baht)

## Separate financial statements

	Land	Land improvements, buildings, building improvement and leasehold improvement	Machinery and equipment	Tools and equipment	Furniture and fixtures	Vehicles and labor-saving equipment	Assets under installation	Total
<b>Cost:</b>								
1 January 2019	114,250	109,558	37,989	18,384	34,437	28,964	210	343,792
Additions	-	-	271	2,266	1,861	-	1,585	5,983
Disposals/written-off	-	-	-	(748)	(4,564)	-	-	(5,312)
Transfers in (out)	-	101	25	778	385	-	(1,289)	-
31 December 2019	114,250	109,659	38,285	20,680	32,119	28,964	506	344,463
Effect from the adoption of TFRS 16 (Note 4)	-	-	-	-	-	(8,477)	-	(8,477)
1 January 2020	114,250	109,659	38,285	20,680	32,119	20,487	506	335,986
Additions	-	75	316	705	2,321	-	6,934	10,351
Disposals/written-off	-	-	-	(67)	(1,384)	-	-	(1,451)
Transfers in (out)	-	662	3,934	560	2,026	-	(7,182)	-
31 December 2020	114,250	110,396	42,535	21,878	35,082	20,487	258	344,886

(Unit: Thousand Baht)

## Separate financial statements

	Land	Land improvements, buildings, building improvement and leasehold improvement	Machinery and equipment	Tools and equipment	Furniture and fixtures	Vehicles and labor-saving equipment	Assets under installation	Total
<b>Accumulated depreciation:</b>								
1 January 2019	-	50,881	22,697	14,423	27,118	11,655	-	126,774
Depreciation for the year	-	4,226	3,207	1,997	2,966	1,598	-	13,994
Depreciation on disposals/written-off	-	-	-	(736)	(4,560)	-	-	(5,296)
31 December 2019	-	55,107	25,904	15,684	25,524	13,253	-	135,472
Effect from the adoption of TFRS 16 (Note 4)	-	-	-	-	-	(2,655)	-	(2,655)
1 January 2020	-	55,107	25,904	15,684	25,524	10,598	-	132,817
Depreciation for the year	-	4,156	3,146	2,062	3,408	394	-	13,166
Depreciation on disposals/written-off	-	-	-	(61)	(1,382)	-	-	(1,443)
31 December 2020	-	59,263	29,050	17,685	27,550	10,992	-	144,540
<b>Net book value:</b>								
31 December 2019	114,250	54,552	12,381	4,996	6,595	15,711	506	208,991
1 January 2020	114,250	54,552	12,381	4,996	6,595	9,889	506	203,169
31 December 2020	114,250	51,133	13,485	4,193	7,532	9,495	258	200,346
<b>Depreciation for the year</b>								
2019 (Baht 5.3 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								13,994
2020 (Baht 5.3 million included in manufacturing cost, and the balance in selling, distribution and administrative expenses)								13,166

As at 31 December 2020, the Group had certain items of plant and equipment which were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 106 million (2019: Baht 86 million) (The Company only: Baht 81 million (2019: 65 million)).

## 15. Leases

The Group, as a lessee, entered into lease agreements of assets to be used in its operation. The leases terms are generally between 3 - 5 years. Such lease agreements are non-cancellable and restricts the sublease of assets to third parties or the use of assets by others for beneficial reasons.

### 15.1 Right-of-use assets

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	Building spaces	Office equipment	Motor vehicles	Total
1 January 2020	36,277	856	5,822	42,955
Additions	692	-	11,344	12,036
Depreciation for the year	(9,971)	(313)	(1,017)	(11,301)
Difference from rental reduction	(165)	-	-	(165)
31 December 2020	26,833	543	16,149	43,525

(Unit: Thousand Baht)

	Separate financial statements			
	Building spaces	Office equipment	Motor vehicles	Total
1 January 2020	18,214	510	5,822	24,546
Additions	692	-	11,344	12,036
Depreciation for the year	(6,545)	(209)	(1,017)	(7,771)
Difference from rental reduction	(112)	-	-	(112)
31 December 2020	12,249	301	16,149	28,699

### 15.2 Lease liabilities

(Unit: Thousand Baht)

	As at 31 December 2020	
	Consolidated financial statements	Separate financial statements
Lease payments	36,514	22,060
Less: Deferred interest expenses	(2,572)	(1,229)
Total	33,942	20,831
Less: Portion due within one year	(11,936)	(8,784)
Lease liabilities - net of current portion	22,006	12,047



A maturity analysis of lease payments is disclosed in Note 32.2 to the financial statements under the liquidity risk.

### 15.3 Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	For the year ended 31 December 2020	
	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets	11,301	7,771
Interest expense on lease liabilities	1,467	741
Expense relating to short-term leases	3,190	3,190

### 15.4 Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 15.1 million, including the cash outflow related to short-term lease. Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of 7.3 million.

## 16. Intangible assets

The net book value of intangible assets as at 31 December 2020 and 2019 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Computer software	Copyright	Computer software under installation	Total
As at 31 December 2020				
Cost	20,001	-	1,167	21,168
<u>Less</u> Accumulated amortisation	(11,226)	-	-	(11,226)
Net book value	8,775	-	1,167	9,942
As at 31 December 2019				
Cost	14,182	1,000	4,335	19,517
<u>Less</u> Accumulated amortisation	(7,354)	(483)	-	(7,837)
Accumulated allowance for impairment loss	-	(517)	-	(517)
Net book value	6,828	-	4,335	11,163

(Unit: Thousand Baht)

	Separate financial statements			
	Computer software	Copyright	Computer software under installation	Total
As at 31 December 2020				
Cost	17,301	-	1,167	18,468
<u>Less</u> Accumulated amortisation	(10,061)	-	-	(10,061)
Net book value	7,240	-	1,167	8,407
As at 31 December 2019				
Cost	13,142	1,000	3,007	17,149
<u>Less</u> Accumulated amortisation	(6,599)	(483)	-	(7,082)
Accumulated allowance for impairment loss	-	(517)	-	(517)
Net book value	6,543	-	3,007	9,550

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	11,163	9,730	9,550	9,308
Acquisition of computer software	2,650	4,501	2,318	3,173
Amortisation	(3,871)	(3,068)	(3,461)	(2,931)
Net book value at end of year	9,942	11,163	8,407	9,550

## 17. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Short-term loans from financial institutions	1.82 - 2.55	28,000	28,000	-	-
Trust receipts	1.12 - 1.77	61,803	17,236	61,803	17,236
Total		89,803	45,236	61,803	17,236

The credit facilities of the subsidiary are guaranteed by the Company.

## 18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade payables - related party (Note 7)	-	-	696	582
Trade payables - unrelated parties	204,586	167,128	202,907	163,674
Other payables	15,221	16,011	14,127	14,388
Accrued expenses	49,654	44,751	47,573	42,121
Total	269,461	227,890	265,303	220,765

## 19. Long-term loans from financial institution

(Unit: Thousand Baht)

Loan	Interest rate (Percent per annum)	Repayment schedule	Consolidated		Separate	
			financial statements		financial statements	
			2020	2019	2020	2019
1	3.75 for the first 5 years and thereafter at MLR - 2.1	Repaid for every 3 months within 7 years from the drawdown date	112,600	192,366	112,600	192,366
2	4.75	Repaid for every 3 months within 3 years from the drawdown date	4,043	7,423	-	-
Total			116,643	199,789	112,600	192,366
Less: Current portion			(40,471)	(37,378)	(37,078)	(33,990)
Long-term loans from financial institution - net of current portion			76,172	162,411	75,522	158,376

Movement of the long-term loans from financial institution account during the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2020	199,789	192,366
Repayment during the year	(83,638)	(80,238)
Amortisations of prepaid loan fees	492	472
Balance as at 31 December 2020	116,643	112,600

The loan credit facility of the subsidiary is guaranteed by the Company.

Under the loan agreement, the Company is required to comply with some financial conditions stated in the agreement including maintenance of debt to equity ratio and debt service coverage ratio at the rate prescribed in the agreement.

## 20. Provision for goods return

	(Unit: Thousand Baht)
	Consolidated financial statements / Separate financial statements
At 1 January 2019	5,517
Increase during the year	9,462
Utilised	(9,561)
At 31 December 2019	5,418
Increase during the year	12,187
Utilised	(12,510)
At 31 December 2020	5,095

## 21. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Provision for long-term employee benefits at beginning of year	19,587	13,996	17,686	13,002
Included in profit or loss:				
Current service cost	2,438	2,375	1,669	1,622
Interest cost	535	457	476	421
Past service costs	-	3,092	-	2,974
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(901)	-	(657)	-
Financial assumptions changes	(349)	-	(197)	-
Experience adjustments	(891)	-	831	-
Benefits paid during the year	(1,102)	(333)	(1,102)	(333)
Provision for long-term employee benefits at end of year	19,317	19,587	18,706	17,686

The Group expects to pay Baht 0.1 million of long-term employee benefits during the next year (2019: Baht 0.6 million) (The Company only: none, (2019: Baht 0.5 million))

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefits is 19 years (2019: 18 years) (The Company only: 16 years, (2019: 17 years)).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Discount rate	1.60 - 1.90	3.17 - 3.19	1.60	3.17
Salary increase rate	3.00 - 6.30	6.00	3.60 - 6.30	6.00
Turnover rate	0.00 - 33.30	2.87 - 40.11	2.90 - 33.30	2.87 - 34.38

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

(Unit: Million Baht)

#### 31 December 2020

	Consolidated financial statements		Separate financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(2.3)	2.7	(2.2)	2.6
Salary increase rate	2.3	(2.0)	2.4	(2.1)
Turnover rate	(1.0)	1.1	(1.1)	1.2

(Unit: Million Baht)

#### 31 December 2019

	Consolidated financial statements		Separate financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(2.1)	2.4	(1.8)	2.2
Salary increase rate	2.4	(2.1)	2.1	(1.8)
Turnover rate	(2.2)	2.8	(1.9)	2.4

## 22. Statutory reserve

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

## 23. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest expenses on borrowings	7,648	9,360	6,786	8,437
Amortisations of prepaid loan fees	492	144	472	134
Interest expenses on lease liabilities	1,467	221	741	221
Total	9,607	9,725	7,999	8,792

## 24. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Salaries and wages and other employee benefits	196,150	194,552	154,957	147,013
Depreciation	34,563	27,794	20,937	13,994
Amortisation	3,872	3,068	3,462	2,931
Marketing expenses	14,973	18,586	14,060	16,510
Purchases for finished goods	1,162,230	1,123,600	1,166,459	1,124,084
Raw materials and packaging supplies used	71,837	63,573	57,954	51,611
Changes in finished goods and work in process	11,697	16,262	12,730	15,915

## 25. Income tax

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

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Current income tax:</b>				
Current income tax charge	30,490	31,254	30,490	31,254
Adjustment in respect of income tax of previous year	(7)	37	(7)	37
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(2,477)	(9,980)	(120)	(181)
<b>Income tax expense reported in profit or loss</b>	<b>28,006</b>	<b>21,311</b>	<b>30,363</b>	<b>31,110</b>

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

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax relating to actuarial gain	428	-	5	-

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Accounting profit before tax	112,532	105,628	123,716	142,184
Applicable tax rate (percent)	20	20	20	20
Accounting profit before tax multiplied by income tax rate	22,506	21,126	24,743	28,437
Adjustment in respect of income tax of previous year	(7)	37	(7)	37
Tax loss and temporary difference which deferred tax assets have not been recognised	5,321	-	5,540	2,770
Temporary difference on leases which deferred tax liabilities have been recognised	1,952	-	1,952	-
Additional capital expenditure deductions allowed	(1,442)	-	(1,442)	-
Effects of:				
Non-deductible expenses	556	574	457	317
Additional expense deductions allowed	(880)	(478)	(880)	(478)
Others	-	52	-	27
Total	(324)	148	(423)	(134)
Income tax expense reported in profit or loss	28,006	21,311	30,363	31,110

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Deferred tax assets</b>				
Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	194	18	154	18
Allowance for diminution in value of inventories	2,359	1,119	1,280	701
Allowance for impairment of assets	-	103	-	103
Provision for goods return	1,019	1,084	1,019	1,084
Accumulated depreciation - leasehold improvement	716	1,146	-	-
Unused capital expenditure	1,442	-	1,442	-
Unused tax loss	11,666	9,857	-	-
Provision for long-term employee benefits	3,863	3,917	3,741	3,537
Deferred revenue	-	6	-	6
Total	21,259	17,250	7,636	5,449

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Deferred tax liabilities</b>				
Unrealised gain on changes in fair values of investments	-	88	-	88
Accumulated depreciation - Plant and equipment	2,001	1,773	2,001	1,773
Fair value of property, plant and equipment through business combination	6,401	6,512	-	-
Finance leases	-	668	-	668
Leases	2,600	-	2,600	-
<b>Total</b>	<b>11,002</b>	<b>9,041</b>	<b>4,601</b>	<b>2,529</b>

As at 31 December 2020, the Group has unused tax losses amounting to Baht 26 million (2019: Nil), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses amounting to Baht 85 million will expire by the year 2025.

## 26. Earnings per share

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

## 27. Segment information

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

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

- (a) Industrial food product Segment
- (b) Consumer food product Segment
- (c) Manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases Segment

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



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

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

The following table presents revenue and profit (loss) information regarding the Group's operating segments for the years ended 31 December 2020 and 2019.

(Unit: Thousand Baht)

	Industrial food product segment		Consumer food product segment		Manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment		Adjustments and eliminations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues	697,112	646,375	940,625	942,084	54,334	45,231	(5,060)	(635)	1,687,011	1,633,055
Segment profit (loss)	152,896	145,646	126,411	133,306	(37,122)	(50,237)	(693)	(149)	241,492	228,566
Unallocated expenses									(128,960)	(122,937)
Income tax expenses									(28,006)	(21,311)
Profit for the year									84,526	84,318

### Geographic information

The Group operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

### Major customers

For the year 2020, the Group has revenue from a major customer in amount of Baht 373 million, arising from consumer food product segment (2019: Baht 362 million derived from a major customer, arising from consumer food product segment).

## 28. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group contributes to the fund monthly at the rate of 3 or 5 percent of basic salary. And employees contribute to the fund monthly at the rate of 3 to 15 percent of basic salary. The fund, which is managed by BCAP Asset Management (Thailand) Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to approximately Baht 3.8 million (2019: Baht 3.3 million) (the Company only: Baht 3.3 million, 2019: Baht 2.8 million) were recognised as expenses.

## 29. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2018	Annual General Meeting of the shareholders on 25 April 2019	52	0.13
Interim dividends for 2019	Board of director's meeting on 13 August 2019	36	0.09
Total		88	
Interim dividends for 2019	Board of director's meeting on 9 April 2020	40	0.10
Interim dividends for 2020	Board of director's meeting on 13 August 2020	40	0.10
Total		80	

## 30. Commitments and contingent liabilities

### 30.1 Capital commitments

As at 31 December 2020, the Group had capital commitments of approximately Baht 0.2 million (2019: Baht 2.4 million) (The Company only: Baht 0.2 million, (2019: Baht 0.9 million)), relating to office building improvement and acquisition of equipment.

### 30.2 Service commitments

The Group has outstanding commitments in respect of service agreements. Future minimum payment required under these service agreements are as follows.

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Payable:				
In up to 1 year	2.2	1.4	1.7	1.0
In over 1 and up to 3 years	0.1	0.1	0.1	0.1

### 30.3 Royalty agreements

On 4 May 1993, the Company entered into an agreement with a supplier in the US, under which the Company was granted the right to be an exclusive independent sales distributor in the Territory of Thailand. Under the agreement, the Company has to pay royalty fees to the supplier at the rates stipulated in the agreement, based on purchases of product, for a period of 5 years. After that initial term and in the absence of any notice of termination, the agreement will automatically extend on a year to year basis.

During the year 2020, the Company recorded royalty fees under the above agreement amounting to Baht 14.5 million (2019: Baht 14.2 million).

### 30.4 Guarantees

- a) As at 31 December 2020, there were outstanding bank guarantees of approximately Baht 2.8 million (2019: Baht 3.2 million) (The Company only: Baht 2.2 million (2019: Baht 2.6 million)) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 1.5 million (2019: Baht 1.9 million) (The Company only: Baht 1.5 million (2019: Baht 1.9 million)) to guarantee trade contractual performance and Baht 1.3 million (2019: Baht 1.3 million) (The Company only: Baht 0.7 million (2019: Baht 0.7 million)) to guarantee electricity use, among others.
- b) As at 31 December 2020, credit facilities of the subsidiary are guaranteed by the Company amounting to Baht 47.5 million (2019: Baht 47.5 million).

### 30.5 Other commitments

As at 31 December 2020, the Company had obligations under outstanding letters of credit to overseas vendors of USD 0.1 million (2019: USD 0.2 million)

### 30.6 Litigation

As at 31 December 2020, the Group had litigations relating to the alleged breach of agreement to claim a refund and employment contract, with damages claimed amounting to Baht 11.3 million, together with interest thereon at the rate of 7.5 and 15.0 percent per annum. However, the Group is currently defending the lawsuits and believes that the litigation will not have a material impact, and therefore no provisions have been set aside in respect of these cases in the financial statements for the current year.

## 31. Fair value hierarchy

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

		(Unit: Thousand Baht)	
		Consolidated financial statements / Separate financial statements	
		2020	2019
		<u>Level 2</u>	<u>Level 2</u>
<b>Assets measured at fair value</b>			
Financial assets measured at FVTPL			
Investments in debt instruments		-	25,892
<b>Liabilities measured at fair value</b>			
Derivatives			
Foreign currency forward contracts		2,117	341

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

- a) The fair value of investment in debt instruments-unit trust has been determined by using the net asset value as published by asset management companies.
- b) The fair value of forward foreign exchange contracts have been determined using rates that are calculated by the commercial bank. The input data in its valuation is mostly extracted from observable market data such as spot rate, future rate and yield curves.

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

## 32. Financial instruments

### 32.1 Derivatives

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
	<u>2020</u>
<b>Derivative liabilities</b>	
<i>Derivatives liabilities not designated as hedging instruments</i>	
Foreign exchange forward contracts	2,117

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 6 months.

### 32.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, loans to, bank overdrafts and loans from financial institutions, trade and other payables and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

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

#### *Trade receivables and loans to*

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The

calculation reflects the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future. The provision rates for the expected credit losses on loans are based on the status of individual debtor, time value of money and loan repayment plans which are reasonable and have supportable information available as at the reporting date.

#### *Financial instruments and cash deposits*

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

The credit risk on debt instruments and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### *Market risk*

There are two types of market risk comprising currency risk and interest rate risk. The Group enters into foreign exchange forward contracts to hedge the foreign currency risk arising on the import of goods.

#### *Foreign currency risk*

The Group's exposure to foreign currency risk arises mainly from purchase of goods that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

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

Foreign currency	Consolidated financial statements/ Separate financial statements			
	Financial liabilities		Average exchange rate	
	2020 (Million)	2019 (Million)	2020 (Baht per 1 foreign currency unit)	2019
US dollar	5.7	3.8	30.41	30.05
Euro	0.1	-	36.86	-

#### *Foreign currency sensitivity*

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US Dollar exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary liabilities including non-designated foreign currency derivatives as at 31 December 2020. The Group's exposure to foreign currency changes for all other currencies is not material.

Currency	Consolidated financial statements/ Separate financial statements	
	Increase/Decrease	Effect on profit before tax
	(%)	(Thousand Baht)
US Dollar	+1	(3,514)
	-1	3,514

### Interest rate risk

The Group's exposure to interest rate risk relates primarily to its loans to, bank overdrafts and loans from financial institutions and lease liabilities. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by having appropriate proportion of fixed and variable rate loans and borrowings.

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

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2020					
	Fixed interest rates		Floating interest rate	Non - interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	37	7	44	0.05
Trade and other receivables	-	-	-	328	328	-
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	90	-	-	-	90	1.12 - 1.82
Trade and other payables	-	-	-	269	269	-
Lease liabilities	12	22	-	-	34	1.55 - 5.00
Long-term loans from financial institution	40	49	28	-	117	3.75, 4.75 and MLR-2.10

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2019

	Fixed interest rates		Floating interest rate	Non - interest bearing	Total	Within 1 year (% per annum)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	23	14	37	0.13 - 0.38
Current investments	-	-	-	26	26	-
Trade and other receivables	-	-	-	307	307	-
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	45	-	-	-	45	1.77 - 2.55
Trade and other payables	-	-	-	228	228	-
Liabilities under finance lease agreements	1	2	-	-	3	3.03 - 4.13
Long-term loan from financial institution	37	86	77	-	200	3.75, 4.75 and MLR-2.10

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2020

	Fixed interest rates		Floating interest rate	Non - interest bearing	Total	Within 1 year (% per annum)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	37	4	41	0.05
Trade and other receivables	-	-	-	326	326	-
Loans to subsidiary	-	54	-	-	54	1.82
Long-term loan to subsidiary	-	89	-	-	89	4.75
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	62	-	-	-	62	1.12 - 1.13
Trade and other payables	-	-	-	265	265	-
Lease liabilities	9	12	-	-	21	1.55 - 4.13
Long-term loan from financial institution	37	49	27	-	113	3.75 and MLR-2.10

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2019					
	Fixed interest rates		Floating	Non -		
	Within	1-5	interest	interest		Within
	1 year	years	rate	bearing	Total	1 year
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	22	14	36	0.13 - 0.38
Current investments	-	-	-	26	26	-
Trade and other receivables	-	-	-	307	307	-
Loans to subsidiary	14	-	-	-	14	2.40 and 2.55
Long-term loan to subsidiary	-	89	-	-	89	4.75
Financial liabilities						
Bank overdrafts and short-term						
loans from financial institutions	17	-	-	-	17	1.77
Trade and other payables	-	-	-	221	221	-
Lease liabilities	1	2	-	-	3	3.03 - 4.13
Long-term loan from financial	34	81	77	-	192	3.75 and
institution						MLR-2.10

The reasonable change in interest rates on long-term loans from financial institutions bearing interest rates which fluctuated in accordance with the market rate as of 31 December 2020, does not have material impact on the Group's pre-tax profit.

### Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, loans from bank and lease contracts. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.



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

(Unit: Thousand Baht)

Consolidated financial statements					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Bank overdraft and short-term loans from financial institutions	-	89,907	-	-	89,907
Trade and other payables	-	269,461	-	-	269,461
Lease liabilities	-	13,123	23,391	-	36,514
Long-term loans from financial institution	-	44,332	79,098	-	123,430
<b>Total non-derivatives</b>	-	416,832	102,489	-	519,321

(Unit: Thousand Baht)

Separate financial statements					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Bank overdraft and short-term loans from financial institutions	-	61,832	-	-	61,832
Trade and other payables	-	265,303	-	-	265,303
Lease liabilities	-	9,387	12,673	-	22,060
Long-term loans from financial institution	-	40,800	78,441	-	119,241
<b>Total non-derivatives</b>	-	377,322	91,114	-	468,436

(Unit: Thousand Baht)

Consolidated financial statements / Separate financial statements					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Derivatives</b>					
Derivative liabilities	-	2,117	-	-	2,117

### 32.3 Fair values of financial instruments

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

### **33. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Group's debt-to-equity ratio was 0.9:1 (2019: 0.9:1) and the Company's debt-to-equity ratio was 0.8:1 (2019: 0.7:1).

### **34. Events after the reporting period**

On 25 February 2021, the Board of directors meeting passed the resolution to raise the agenda to Annual General Meeting for approval to pay a dividend for the year 2020 to the shareholders of Baht 0.20 per share, a total of Baht 80 million. The Company has already paid an interim dividend of Baht 0.10 per share, a total of Baht 40 million. The remaining dividend is Baht 0.10 per share, a total of Baht 40 million will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

### **35. Approval of financial statements**

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

