

KARMART

ANNUAL REGISTRATION STATEMENT

ANNUAL REPORT 2023 FROM 56-1 One Report

**CATHY
DOLL**

**BABY
BRIGHT**
GIFT FROM NATURE


**REUN
ROM**
— รื่นรมย์ —

BOYA
PROFESSIONAL CARE

Jejuvitá

SKYNLAB+
DERMATOLOGIC LABORATORIES

Keumyon 

7CLEAN
セブンクリーン

BROWIT
BY NONGCHAT


THA
BY NONGCHAT

Lipit.
BY NISAMANE

intimi


HAIR IT
BY SAYPAN

BEAUTILOX
BY KMG I

Face/it
BY KMG I

ANNUAL REGISTRATION STATEMENT
ANNUAL REPORT 2023
56-1 One Report

KARMARTS PUBLIC COMPANY LIMITED



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BOARD OF DIRECTORS' MESSAGE

WARM GREETINGS TO ALL ON BEHALF OF THE TEAM OF KARMARTS PLC.

Notwithstanding the commendable performance of the Company in 2023, multifaceted forces greatly impacted the global economic landscape in the past year. Persistent challenges, including the enduring consequences of the pandemic, the Ukraine–Russia and Israeli–Palestinian conflicts and the prevailing trend of increasing geo-economic fragmentation, intensified the complexities we face within the business environments. Alongside these, cyclical forces such as monetary policy tightening, withdrawal of fiscal support amid high debt levels and extreme weather patterns added to the complications of our domestic and international operations.

Globally, the IMF had forecasted a 3% worldwide growth in 2023, with a potential slowdown to 2.9% in 2024; Locally, Thailand's growth course was in tune with the global situation and projected to decelerate by 0.1% on a Year-on-Year (YoY) basis to 2.5% in 2023. The downward revision was strongly attributed to a weak performance in the third quarter, associated with significant decline in stock accumulation and contraction in exports. Furthermore, the national election emerged as a significant factor impacting the Thai economy, introducing an additional layer of complexity to our operational landscape.

In 2023, we successfully seized strategic opportunities, issuing additional shares for a private placement to expand our horizons on a global scale. Our partnership with Well Siam Co., Ltd., which is 100% owned and managed by an outstanding Japanese entity, Marubeni Corporation, marked a significant milestone in the development of the Company. This alliance will greatly strengthen our brand and product presence on the global stage through its extensive network and established global footprint, in addition to the capital it brought to the table for ever-more aggressive expansion plans.

Amidst flourishing sales opportunities and vigilant expense management, the Company realized a total Operating Revenue of THB 2,455.49 million during the past fiscal year, marking an impressive 30.95% increase from 2022. Net Profit reached 27.57% or THB 660.96 million, showcasing a noteworthy YoY growth of 102.13%. Building upon the impressive financial performance of the past fiscal year, in 2023, the Company continues to demonstrate robust growth and profitability. Specifically, the profit breakdown reveals a substantial contribution from the beauty and cosmetic business, amounting to 2,397.52 THB, representing 30.34% growth from the previous year. Additionally, unrealized profit from MGI shares amounted to 85 million THB, further bolstering the Company's financial position. Furthermore, other property income added 26.15 THB to the overall profitability, showcasing diversified revenue streams and sustained profitability across various sectors. In line with the broader macroeconomic recovery, the Company distributed a total interim dividend payout of THB 248.60 million, equivalent to THB 0.26 per share.

The Return-on-Equity Ratio concluded at a robust 29.10%, underscoring the company's efficiency in generating returns for shareholders, while the Return-on-Asset ratio recorded 20.74%, indicating effective asset utilization. Our Retained Earnings remained solid at THB 843.62 million, further solidifying KARMART's status as a preferred choice on the Stock Exchange of Thailand.

Board of Directors
Karmarts Public Company Limited

PART 1

BUSINESS OPERATIONS AND OPERATING RESULTS



CATHY DOLL

VitC Ampoule

FOUNDATION & POWDER

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Part 1 Business Operations and Operating Results

1. Organizational structure and group of companies

1.1 Policy and business overview

Karmarts Public Company Limited (Karmarts) operates within the beauty and consumer goods sectors, focusing on production, importation and distribution under the Unique Beauty Solution concept. With a steadfast dedication to becoming a comprehensive beauty and personal care label catering to the diverse beauty needs of modern women and men, the Company is committed to creating distinct, clear, and exceptional product lines tailored to meet every requirement of both Thai and international consumers of today.

As the proprietor of its own trademarks, the Company spearheads the design, development, and conceptualization of each brand. This process is overseen by a dedicated product development team comprising both local and international experts, ensuring the quality and variety of the product offerings. Innovations in beauty are reflected in the packaging, characterized by vibrant colors and captivating designs, thus effectively addressing the evolving preferences of an increasingly diverse customer base, all at competitive price points.

In terms of product development and sourcing, the Company's approach encompasses 3 key aspects: Firstly, sourcing finished products from reputable global factories endorsed by leading cosmetics brands. Secondly, importing semi-finished goods for packaging or re-packaging within Thailand. Thirdly, internal production, supported by the expansion of manufacturing facilities aimed at reducing import costs and meeting the escalating demands of the expanding markets domestically and internationally.

In terms of distribution channels, Karmarts operates an extensive network of retail partners nationwide, encompassing both wholesale and retail outlets. These include local cosmetics stores, community supermarkets, pharmacies, hospital groups, and various modern retail establishments. Additionally, the Company has been continuously investing in and managing retail outlets under the "Karmarts" brand, serving as one-stop key distribution points for all of its brands.

Moreover, Karmarts extends its reach through online sales channels, leveraging its official website and establishing storefronts on popular e-commerce platforms like Shopee, Lazada, and Konvy. The Company has also embarked on international expansion since 2012, exporting its beauty products to various countries across Asia, including China, Singapore, Cambodia, Myanmar, Vietnam, Laos, and the Philippines, to name a few.

The overarching objective of Karmarts is to solidify its position as the premier beauty company in Thailand and to emerge as a leading player in the broader world stage.

1.1.1 Vision, Mission, and Marketing Strategies

Vision

To become one of the leading branded beauty providers for everyone worldwide

Mission

To achieve our mission, the Company is committed to:

1. Deliver top-quality products that are effective and safe
2. Generate enduring value for stakeholders, customers, business associates, employees, and communities
3. Demonstrate social responsibility to local communities
4. Expand our customer base and enhance operational efficiency

Corporate Culture

- Know : Embrace the 8 attributes of Karmarts
- Knew : Acknowledge and learn from mistakes as soon as they are identified
- Known : Communicate your ideas openly to foster continuous improvement
- Knowledge : Share knowledge within and among teams

8 Attributes of Karmarts

1. Keenness – Proactively seeks to learn and develop expertise
2. Assertiveness – Demonstrates ethical conviction and stands by principled work decisions
3. Mental strength – Reflects a positive emotional state and endurance in facing stressful situations
4. Rationality – Makes informed and deliberate decisions based on reason and logical analysis
5. Service-mind – Believes that work is about serving both internal and external customers
6. Team-work – Functions as team players
7. Articulation – Maintains transparent and open dialogue with colleagues
8. Responsibility – Takes ownership of work responsibilities with integrity and honesty

Goals and Business Strategies

Marketing Strategies

For the year 2023, as the entire world gained significant momentum in the post-covid economic recovery, there was a noticeable shift towards greater normalization as people adapted. The consumer goods sector and beauty industry therefore witnessed a strong and fast-paced growth with consumers reverting to their regular routines and placing greater importance on personal grooming. There was also an increased emphasis on selecting higher-quality skincare than ever and nutritional supplements for self-care. Consequently, this presented a broader spectrum for the Company to diversify its marketing strategies.

The strategic plans for 2023 are listed below:

1. Product Strategy

- 1.1 Makeup products have regained substantial consumer interest, offering ample opportunities for the Company to introduce an optimal variety of new products across various brands. This surge in new product launches has expanded customer segments and made room for innovative product concepts. For example, Lipit garnered significant market traction since its launch in April 2023. This trend-setting by the Company involves thorough consumer research, as well as continuous exploration of ingredients and innovations to lead or align with market fashion trends. The objective remains to meet consumer demands comprehensively while ensuring distinct product differentiation across brands.
- 1.2 Skincare products are part of a highly competitive market with diverse consumer preferences. As a result, the Company focused on developing products that cater to a wide range of consumer needs, striving to incorporate new innovations and fresh ingredients to differentiate offerings and enhance consumer confidence by addressing both beauty and health concerns comprehensively.
- 1.3 Consumer products constitute a significant market segment known for its fierce competition and substantial consumer demand, given their indispensable role in daily life. This dynamic prompts the emergence of new product brands annually, each aiming to secure market share. The Company offers items such as bath products, oral care essentials, hair care solutions, and dishwashing items in this sector, and focuses on implementation of strategies to build and retain the loyalty of existing customers while fostering continuous usage. The Company also strategically expands its market reach across both offline and online platforms to sustain its market presence and attract new clientele. In the past year, new brands such as Hair It in the Hair Care category was also launched to diversify the Company's product portfolio, with the brand's fundamentals underscoring product quality and safety through rigorous testing and fostering consumer trust

- 1.4 Dietary supplement products continue to attract sustained interest in the market, reflecting changing consumer behaviors towards prioritizing health and wellness. This growing trend has prompted the entry of numerous new brands seeking to develop differentiated and outstanding products to meet evolving consumer needs. With the Company's capabilities to compete and understand consumer preferences in this segment, we offer a variety of supplement products to cover all basic customer requirements. The Company also predominantly markets our products through retail channels both offline and online.
- 1.5 Aromatherapy and spa products, which were previously niche items, have gained intense popularity among specific consumer groups in recent years. There is an increasing interest in using these products for relaxation and stress relief in daily life. Although the market features few major players, there is a growing number of new brands entering the market in response to heightened consumer demand. Present-day consumers prefer using these products at home or in their workplaces rather than visiting spa facilities, prompting brands to expand their offerings to meet consumer demands. The Company distributes this category of products mainly through standalone stores and leading department stores, but maintains a significant online presence through various marketplaces and dedicated online platforms to reach the target consumers more effectively. This growing trend and demand has notably led to an increase in online sales channels in 2023.

2. Marketing Channel Strategy

- 2.1 In the cyberspace regime, the Company constantly seeks to expand its market width and depth and increase sales by utilizing new online sales channels. This includes selling products through livestream and promoting sales through social media channels such as Facebook. Furthermore, the Company also propelled an increase of sales channels and revenue by adding distinctive official stores to other marketplace platforms and carefully leveraging its existing stores that sell all brands. Efforts as such led to a significant increase in online sales by up to 97% compared to the previous year.
- 2.2 Concurrently, another key focus of the Company lies with the collaboration with more retail distributors and establishing a stronger presence in local communities and the mass market.
- 2.3 The increase in sales space in modern trade channels and distributor outlets promote our products not only across offline dimensions but also across all corresponding online platforms of such modern trade retailers and distributor outlets, thereby expanding product distribution channels and boosting sales. Additionally, sales promotion activities planning with partners, including special discounts, product exchanges, free samples, complimentary gifts, and loyalty rewards programs remain an integral part of the marketing channel strategy adopted in 2023.

3. Marketing Communication Strategy

- 3.1 The Company further increased its out-of-home media advertising compared to the previous year, capitalizing on normalized tourism and foot traffic out in the public spaces. A return to pre-covid normalcy in the sense provided an opportunity to heighten consumer awareness of our products through out-of-home channels.
- 3.2 There has been a notable expansion in the diversity of online advertising formats, particularly those leveraging social media platforms. This includes collaborating with beauty bloggers, influencers, and real users to endorse our products. As consumer purchasing decisions are increasingly influenced by the endorsements and experiences of product users and experts, the Company focuses on diverse forms of product reviews, spanning text, imagery, and videos, to effectively communicate products' purpose and benefits.
- 3.3 To enhance product awareness among customers, the Company has embraced online purchasing trends such as live streaming and influencer marketing. This strategy aims to deepen customers' understanding of our products and pique their interest. By facilitating informed purchasing decisions and engaging with new customer segments, including followers, the Company successfully expanded its market reach. Overall, the Company's adept management strategies and policies have enabled it to navigate various epidemic situations effectively, resulting in minimal impact on sales and even growth in some instances due to positive strategic adjustments.

As new media innovation swiftly changes the way modern consumers purchase and lock in exposure to marketing communication contents, the Company will continue to emphasize the importance of keeping up with and even setting trends for creative and/or sustainable modes of delivering marcomm to our target consumers.

Target Group

The Company focuses its marketing efforts primarily on the millennial demographic, particularly individuals aged 18 to 40, who value self-care and express keen interest in beauty products while staying abreast of beauty trends. The Company strategically positions its products at a mid-range price point to ensure accessibility and enable customers to experience high-quality offerings. Target demographics vary based on the unique concept of each brand, aiming to address the diverse needs of consumers across various segments:

1. Cathy Doll: Trendy, playful, and confident young professionals who seek fashion-forward beauty products to address a wide range of beauty concerns.
2. Baby Bright: Teenagers and corporate workers who are beauty and health enthusiasts seeking all-natural skincare innovations that pamper and nourish the skin, as well as nutrimental cosmetics to lessen the load of chemicals on skin.
3. Boya: Individuals of all ages and genders who prioritize personal grooming, particularly hair and body care.
4. Jejuvita: Health-conscious young adults seeking comprehensive nutritional supplements with appealing flavors.
5. Reunrom: Working-age individuals who prioritize both physical and mental health, aiming to provide lifestyle products that cater to their lifestyle preferences. For example, using fragrances to aid relaxation, alleviate stress, and create a fresh atmosphere in personal spaces. The brand designs and develops products to align with latest trends in 2023, where the fragrance industry experienced significant growth in Thailand.
6. Skynlab: Working adults demanding providing premium-quality products to meet various oral health concerns.
7. Keumyon: Individuals with hair-related issues and who seek quality solutions at affordable price points.
8. 7-Clean: Working individuals and homemakers who prioritize cleanliness and seek high-quality, family-safe household cleaning products.
9. Browit: Fashion-conscious individuals seeking premium-quality makeup products to enhance their appearance, with end results resembling those hand delivered by professional makeup artists.
10. THA: Modern, self-care-conscious millennials who demand makeup products that gently nourish beautiful skin.
11. LipIt: Modern consumers across all age groups who struggle with lip issues and demand on-the-go, affordable, effective and high-quality lip care.
12. Hair It: Young working individuals seeking effective hair care solutions that deliver premium-quality with pleasant scents for a professional-level self-care experience.

1.1.2 Company Background and Significant Milestones

- 1982 Established Central Audio Limited Company which operates in the trading of electrical appliances.
- 1994 Listed Distar Electric Corporation Public Company Limited in the Stock Exchange of Thailand primarily as a manufacturer of electrical appliances.
- 2009 The Company expanded its operations into the beauty industry, concentrating on importing cosmetics, skincare, and other consumer goods for distribution through different channels under the trademark "Karmarts," all while maintaining its existing business in the natural gas vehicle (NGV) automotive sector.
- 2010 Achieved annual sales growth of more than 100% in the cosmetics sector under the Karmarts trademark.
- 2011 Officially updated Company's name from Distar Electric Corporation Public Company Limited to Karmarts Public Company Limited with the Stock Exchange of Thailand.

- 2012 Re-positioned Company's core business and strategized manufacturing and distribution of cosmetic, skin care and consumer products as primary focus.
- 2013 Initiated both domestic and international expansion strategies, effectively expanding local distribution networks and penetrating export markets across neighboring Asian nations.
- 2014 Strengthened international distribution by forging strategic partnerships with promising business entities; Launched comprehensive product research and development initiatives through "JKOS Laboratory Company Limited," specializing in cosmetics, perfumes, beauty tools, and accessories manufacturing; Diversified investment portfolio by entering the real estate sector with "The Iconic Property Company Limited."
- 2015 Established joint venture outside Thailand territory with Karmarts Vietnam Company Limited as part of key territorial expansion plan.
- 2016 On January 20, 2016, the Company effected an investment in Karmart Vietnam Company Limited, a registered entity in Vietnam, amounting to 49% of the issued and paid-up capital. This investment was recorded as a joint venture participation.
- 2017 The Company commenced the construction of an additional warehouse and packaging facility aimed at enhanced quality control, cost management, shortened production lead times, and meeting market growth demands.
- 2018 Rebranded Corporate logo and Karmarts shop to better position the Company and its core businesses on the international stage as well as meeting consumers' changing preferences and demands.
- 2019 Launched tailored Cosmetic Product Packing and Assembly Departments to upscale the Company's competitiveness as an all-rounded leader in the beauty industry and build resilience towards external forces which may affect operations adversely.
- 2020 The Company proceeded with the acquisition of machinery for manufacturing face masks due to the shortage of such essential items amidst the COVID-19 pandemic situation in early 2020.
- 2021 On 15 October 2021 and 12 November 2021, the Company invested in Pa Donphutsa Company Limited through the purchase of 200,000 shares at par value of Baht 100 per share. With that, the Company now holds 86% of the issued and paid-up shares, and officially positioned this entity as its subsidiary in the environmental protection industry. On 11 November 2021, the Company also paid for an investment in KFJ Global Company Limited, acquiring 99% of the issued and paid-up shares of 100,000 shares at par value of Baht 100 per share, henceforth also positioning the entity as its subsidiary which also serves as another house brand in the beauty industry.
- 2022 On January 4, 2022, Pa Donphutsa Co., Ltd. sanctioned a raise of Baht 240 million in its company's share capital (2.4 million ordinary shares of Baht 100 each). Following the capital increase, the subsidiary now boasts a registered share capital of Baht 260 million (2.6 million ordinary shares of Baht 100 each). Subsequently, on January 18, 2022, the subsidiary officially recorded the augmented share capital with the Ministry of Commerce and initiated share subscription, which was fully subscribed.

The Company disbursed Baht 206.4 million for the increase in share capital (2.064 million shares of Baht 100 each), while non-controlling interests in the subsidiary collectively contributed Baht 33.6 million for the share capital augmentation (0.336 million shares of Baht 100 each). The Company's ownership interest in this subsidiary remains at 86.00%.

On November 14, 2022, the Company's Board of Directors ratified a decision to divest 182,000 shares of Pa Donphutsa Co., Ltd. at a rate of Baht 100 per share (totaling Baht 18.2 million) to two affiliated individuals. The shares sold represent 7.00% of the subsidiary's registered and paid-up capital. Following the divestment, the Company retains a 79.00% stake in the shares of this company, thereby maintaining control over its subsidiary.

KJF Global Co., Ltd. was registered as a company on 2 December 2021 with a registered share capital of Baht 1 million. The Company acquired 9,997 ordinary of Baht 100 each shares and the non-controlling interests of the subsidiary acquired 3 ordinary shares of Baht 100 each of this company on 2 February 2022, and paid share subscription in full.

On February 28, 2022, KJF Global Co., Ltd. sanctioned a raise of Baht 9 million in its share capital (90,000 ordinary shares at Baht 100 each). Following the capital augmentation, the subsidiary's registered share capital amounted to Baht 10 million (100,000 ordinary shares at Baht 100 each). The Company acquired shares from the capital increase and fully subscribed for Baht 4.1 million (41,000 ordinary shares at Baht 100 each). Post-capital increase, the Company now holds a 51.00% stake in the shares of this company, maintaining control over its subsidiary. The subsidiary duly registered the increase in its share capital with the Ministry of Commerce on March 10, 2022.

2023 On February 24, 2023, the Company, in conjunction with Miss Grand International Pub Co., Ltd., established KMGI Co., Ltd., a joint venture with a registered capital of 100,000 shares priced at Baht 10 each, totaling 1,000,000 Baht. The Company holds 50% of the issued and fully paid capital of Baht 5,000,000. The objective on the venture was to develop products, create brands, and distribute cosmetics and skincare products domestically and internationally, thus expanding market presence and reach.

At the ordinary shareholders' meeting held on August 3, 2023, the Company obtained approval to reduce the Company's capital by Baht 1,190, by cancelling 1,984 unissued ordinary shares valued at Baht 0.60 per share. An increase of the Company's capital by Baht 132 million, from the original registered capital of Baht 528 million to a new registered capital of Baht 660 million, by the way of issuing 220 million new ordinary shares at Baht 0.60 per share, was also approved at the same meeting. Paving the way for a Private Placement, these two transactions were registered with the Ministry of Commerce on August 7, 2023 and August 8, 2023 respectively.

2023 can be said to be an extremely significant milestone for the Company with the execution of a Private Placement to two entities (related parties) in a limited quantity, both of which are expected to bring great values to the Company strategically. Approval for the allocation of additional ordinary shares amounting to 220 million shares, valued at Baht 0.60 per share, was the last agenda in the forementioned meeting. The shares were offered at a price of Baht 7.25 per share, totaling Baht 1,595 million. Specifically, there was an allocation of 198 million ordinary shares to Wellsiam Co., Ltd. (a company to be established in Thailand, wholly owned by Marubeni Corporation), representing 18 percent of the post-increase share capital, and an allocation of 22 million ordinary shares to QPE Fund 1 Limited (a company to be established in the Hong Kong Special Administrative Region, wholly owned by Quadriga Private Equity Co., Ltd., representing 2% of the post-increase share capital. Full payment for the subscribed shares was received on October 11, 2023, and registration with the Department of Business Development was completed on October 12, 2023.

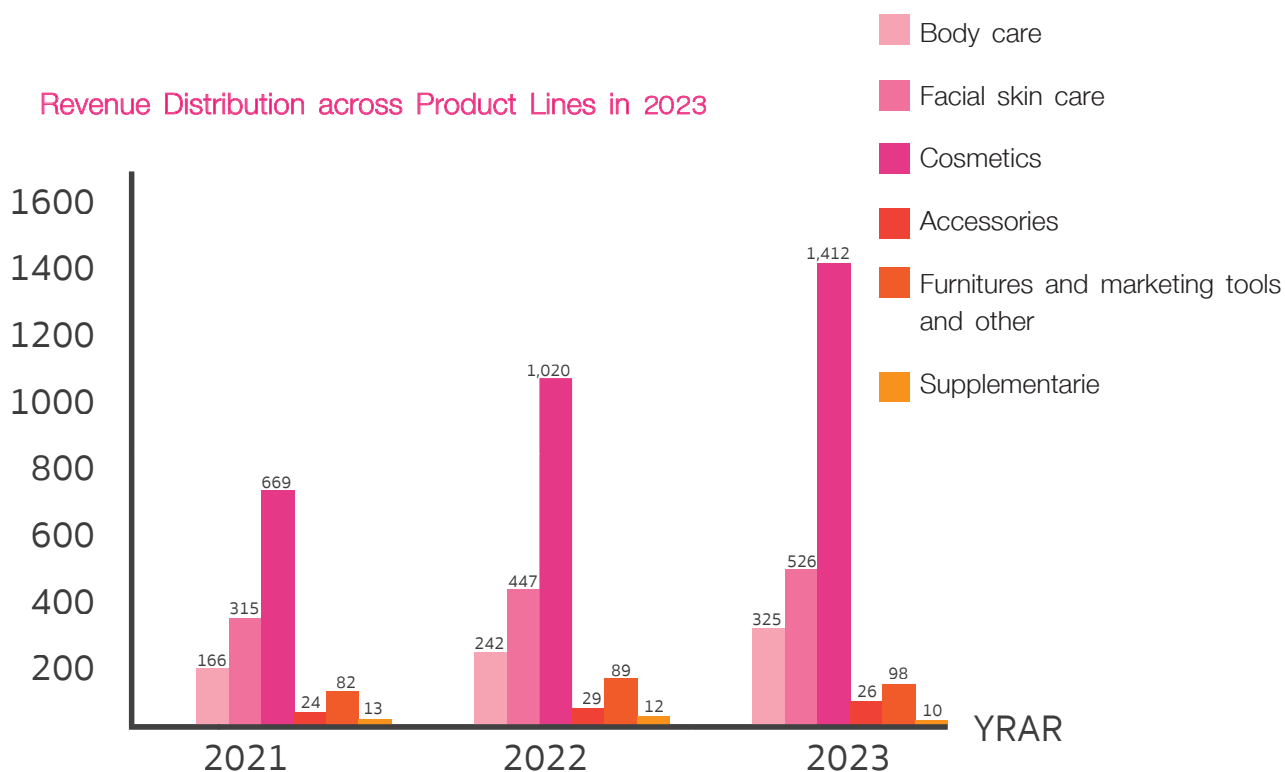
1.2 Nature of Business

1.2.1 Income structure

The Company's Sales of Consumer Products from 2021 to 2023 were as follows:

Product	2023		2022		2021	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Consumer Products Sales Value						
1. Body care	324,900	13.23	242,167	12.91	166,169	12.78
2. Facial skin care	525,721	21.41	446,733	23.82	315,285	24.24
3. Cosmetics	1,412,179	57.51	1,019,858	54.39	668,670	51.41
4. Accessories	26,238	1.07	28,746	1.53	24,435	1.88
5. Furnitures and marketing tools and other	98,433	4.01	89,364	4.77	81,994	6.30
6. Supplementarie	10,055	0.41	11,899	0.63	13,344	1.03
Total Consumer Products Sales Value	2,397,526	97.64	1,838,767	98.06	1,269,897	97.63
Revenue from warehouse rentals	26,152	1.07	24,907	1.33	21,170	1.63
Other income	31,821	1.30	11,482	0.61	9,622	0.74
Grand Total revenues	2,455,499	100.00	1,875,156	100.00	1,300,689	100.00
% Increase (Decrease) in Income		0.31		0.44		(1.85)

Revenue Distribution across Product Lines in 2023



BRAND and PRODUCT Overview

“Unique Beauty Solution”

1.2.2 Products Overview

The Company anchors its products through the slogan "Unique Beauty Solution," reflecting its commitment to innovation. This ethos has led to the development of distinctive product lines known for their clarity and excellence. With reasonable prices, standardized quality, and comprehensive offerings, these products effectively meet the diverse needs of consumers both locally and globally.

The Company remains proactive in market research targeting our key demographics. This ongoing effort enables us to incorporate insights into the development of new products and enhancements to existing ones, ensuring they meet the increasingly diverse needs of our customers. We also stay abreast of the latest beauty trends from both Asia and Europe, incorporating innovative beauty concepts from international counterparts.

Furthermore, the Company leverages data from Mintel, a renowned global firm, for insightful analysis of consumer behavior, market trends, and emerging product innovations. This strategic utilization guides our continuous product development endeavors. Our dedication remains unwavering as we strive to craft products that are not only appealing and trustworthy but also feature unique attributes that captivate consumer interest.

Our highly capable team consistently engages in learning and adapts to new design trends, allowing us to steadily create and innovate products. Additionally, the Company prioritizes customer feedback, regularly utilizing consumer comments to refine and enhance our product offerings.

In the aspect of product quality, the Company places paramount importance on developing products that deliver tangible results and are of the highest quality. We ensure the effectiveness and safety of our products by subjecting them to rigorous quality testing. Furthermore, we obtain product quality certifications from globally recognized organizations by submitting our products for evaluation.

The certification process entails sending our products to reputable agencies that adhere to international quality standards. Through meticulous testing and certification, we reinforce our commitment to delivering high-quality products. This process also instills confidence in consumers regarding the efficacy and safety of our offerings before they reach the end user.



1. Product Characteristics

Currently, our company boasts a comprehensive range of beauty products, totaling more than 1,000 items. Among these, we proudly own a portfolio of branded products that set us apart in the market. Our product lineup includes a diverse array of offerings designed to cater to all aspects of beauty and personal care needs.

Just play it!



CATHY DOLL

1.1 Cathy Doll: Just play it!

"Cathy Doll" a brand that revolutionizes the cosmetics industry, addresses every beauty concern with a touch of unpredictability. Dive into a world of vibrant and lively beauty products, each infused with vitality and unique characteristics. These products offer all-encompassing beauty solutions from head to toe, making us the forefront of innovative beauty trends. Perfect for modern, confident, and fashion-forward individuals, Cathy Doll caters to those with a chic, edgy attitude and an open-minded spirit. The products capture a playful and charming essence, blending sweetness with a hint of spice, much like the Cathy Doll itself. It is designed for the new generation of beautiful souls who exude charisma, charm, playfulness, and a touch of mischief.

This line of products includes:

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

Cathy Doll has consistently developed products to enhance and elevate the standard of quality, while meeting every customer's needs. In the past year, the brand extended its success with the introduction of new products, building on the triumph of the CC Speed White Series, which has been the Company's top-selling product for more than a decade. "CC Speed Cover Series" and "CC Anti Acne Series" further solidified the Company's leadership in the CC Cream market and expanded its reach to a wider customer base of genders and ages.

Furthermore, Cathy Doll successfully expanded its presence in the sun protection product market. The introduction of "Ultra Light Sun Fluid SPF50 PA++++" and "Anti Acne Sun Matte SPF50 PA++++" garnered positive responses from customers, both domestically and internationally. This success led to the receipt of the Hello Beauty Award 2023 – Celebrities' Choice in The Best Lightweight Sun Cream category and the Watsons HWB Award 2023 – Best Rising Star Product (Facial Sun Care) from retailers. These accolades contribute significantly to enhancing the brand's image and credibility.

Cathy Doll also developed exclusive products during the past year under the brand specifically for international customers, aiming to further boost sales in overseas markets with localization strategy.

BABY BRIGHT

GIFT FROM NATURE

Gift from nature

1.2 Baby Bright: Gift from Nature

With the pure, pristine power of Jeju Island, the birthplace of marvelous natural beauty, comes the inspiration to create skincare and cosmetics that harness the wonders bestowed by nature. This inspiration has led to the development of Baby Bright brand and its products that not only enhance beauty but also nourish the skin with a rich blend of various botanicals and minerals. A splendid gift from nature, Baby Bright is ideal for the modern woman who prioritizes health, self-care, simplicity, yet desires products imbued with inherent value.

This extraordinary collection includes:

- Facial Care and Cleanser
- Body Care and Cleanser
- Makeup
- Body Fragrance Products

The past year witnessed an intensification of Baby Bright's focus on skincare, reinforcing its brand image of enhancing beauty with natural nourishment. The product line now includes items such as 5 Oil Vegan Lip Treatment, Herbalash Brow and Lash Serum, and Morning C Color Lip Mask, all emphasizing enhanced nourishment from natural sources. Additionally, there has been an expansion of various masks for both the face and eye area. Beyond the makeup category, which remains a top-selling product line, Baby Bright has introduced lotions for skincare, body wash, and sunscreens in both 450ml and 160ml sizes, aiming to broaden its customer base. Importantly, all these products continue to be crafted with extracts from nature, staying true to the brand's commitment to natural ingredients.





BOYA

PROFESSIONAL CARE

Professional care

1.3 Boya: Professional Care

As the epitome of professional care, "Boya" offers a comprehensive range of products that cater to every need in hair and body care. These products not only provide effective care but also inspire confidence, allowing users to confidently showcase their outer beauty. Recognized for their excellent usage and quality, Boya's skincare products are deemed professional-grade, incorporating cutting-edge innovations in body care. This marks a revolutionary era in skincare innovation, delivering clean, resilient, and healthy skin. Boya signifies a new era in body skincare, combining the latest advancements in science and artistry from Japan, providing enduring beauty and radiant, healthy skin.

Suitable for individuals of all genders and ages, Boya's carefully curated extracts address hair, scalp, and skin concerns precisely. Enriched with nourishing nutrients, these products provide comprehensive care for every part of the body, from head to toe. They promote external resilience, good health, and radiance, ensuring that your skin is well-nourished. Boya products are designed to cater to every aspect of your body, allowing you to present a professional-grade allure that catches every eye.

The product line includes:

- Body Care and Cleanser
- Hair Care

Jejuvita

“Beauty is Yummy”

1.4 Jejuvita: Beauty is yummy

Jejuvita is a nutritional supplement that blends the benefits of holistic nutrition with delicious taste, breaking the stereotype that nutritious food can't be appetizing. Inspired by the health and beauty secrets of Korean women, Jejuvita incorporates a range of beneficial vitamins to nourish the body, all in an easy-to-consume format that is convenient to carry and pleases the palate. It aims to create a perfect balance for the body, enhancing both inner health and external beauty. With Jejuvita, we certainly believe that beauty is synonymous with yummy.

The product line includes:

- Slim – Nutrition supplements designed to support weight management
- Skin – Products tailored to nourish and enhance the skin's health.
- Health – Detox supplements aid in eliminating toxins from the body.





Everyday Happiness

1.5 Reunrom: Everyday happiness

Reunrom is a line of fragrance and personal care products that seeks to preserve Thai wisdom by seamlessly blending traditional Thai heritage with modern elegance. Harnessing the essence of Thai herbs reminiscent of the time-honored remedies passed down through generations, Reunrom aims to bring joy and happiness to every day in 4 distinct ways:



- 1.) Happiness of delighted consumers
 - User satisfaction when encountering the delightful products and designs, as well as the joy experienced while using Reunrom products.
- 2.) Happiness embedded in Fair Price & Fair Trade
 - The happiness derived from supporting Thai farmers and the farming industry, promoting harvest of high-quality raw materials from Thailand, boosting local economies, and providing quality products at fair prices for everyone.
- 3.) Happiness in sharing with and contributing to the society
 - The joy of being part of social assistance efforts, with a commitment to donate a portion of the profits from Reunrom product sales to charitable organizations.
- 4.) Happiness in promoting Thai Tourism and Culture
 - The joy of promoting tourism, traditions, and Thai culture through Reunrom products, featuring packaging designs that reflect Thai culture and incorporating the scents of Thai traditions. Additionally, Reunrom creatively incorporates the essence of distinctive Thai desserts into its products.

The product categories include:

- Body Care
- Scented Products
- Hair Care

In the past year, Reunrom products underwent continuous development and received excellent response from consumers, thus moving quickly up to assume a leadership position regarding fragrances and scents. There has also been ongoing innovation, including the endless introduction of new products to the existing product line, positioning Reunrom as a leader in aromatic and therapeutic products.

SKYNLAB+

DERMATOLOGIC LABORATORIES

Special care for healthiness and wellness

1.6 SKYNLAB : Premium Oral Care

Skyndlab offers premium products for oral care and addresses specific issues such as acne and sensitive skin. These premium products are gentle, free from harmful substances and potential irritants, and have been developed through in-depth research by specialized experts to provide targeted care.

The product line includes:

- Oral Care Products
- Acne and Sensitive Skin Care
- Alcohol-Based Hand Sanitizer
- Face Masks

In addition to oral and skincare, Skyndlab acknowledges the significance of adapting to the new normal. Hence, we've expanded our range to include health masks and alcohol-based hand sanitizers. This expansion underscores our commitment to fulfilling essential daily needs while the world population continues to live with the lingering COVID-19 virus.



Keumyon 금연

Secret of Beautiful Hair

1.7 KEUMYON: Secret of Beautiful Hair

"Keumyon" is a specialized haircare brand that seamlessly blends the beauty secrets of classical Korean court ladies with cutting-edge innovations from modern technologies. The result is a range of ultra-gentle and user-friendly hair and scalp products designed for women of all ages at affordable prices. These exquisite products are formulated with carefully chosen nurturing agents that contribute to the deep repair, reinforcement, and restoration of hair strength, luster, and shine. Keumyon aims to provide the ultimate haircare experience, enhancing self-confidence, and empowering users to stand out among crowds.

The brand offers the following product choices:

- Hair-coloring product
- Hair care



7CLEAN セブンクリーン

1.8 7CLEAN: Trustful Cleanliness

This array of household cleaning products is meticulously crafted around the core concept of cleanliness and safety, harmonizing 7 key attributes. Going beyond conventional notions, these attributes embody a fusion of beauty, pristine whiteness, velvety smoothness, enchanting fragrances, perpetual freshness, meticulous hygiene, and a proactive defense against potential health concerns. Rooted in a commitment to reliability, the brand caters to the astute homemaker who prioritizes top-tier, secure products, showcasing an adeptness in the art of product selection.

The product line includes:

- Dishwashing products
- Hand sanitizer spray

Future endeavors aim to extend this product line into various related categories within household cleaning, ensuring a holistic embrace of all 7 dimensions of cleanliness envisioned by the brand



BROWIT BY NONGCHAT

Special Brand Project

1.9 Special Brands

Presently, the company incessantly collaborates with esteemed partners in the beauty industry, including experts in various domains, to co-develop a diverse range of products. These collaborations result in the creation of special brands aimed at fostering confidence and catering to the varied needs of consumers.

1.9.1 BROWIT BY NONGCHAT : PROFESSIONAL BROW

Browit is a makeup product line specifically designed for enhancing eyebrows and the eye area. It is a collaboration with the renowned makeup artist Mr. Chatchai Peangapichart, also known as "Nongchat." As a leading figure in the makeup artistry field with outstanding works, especially in transforming and giving make-overs to superstars and celebrities, including brides who require long-lasting, impressive looks for their special day, Nongchat has more than 10 years of experience in makeup artistry. Utilizing his expertise and experience, Browit has developed products that focus on enhancing eyebrows and the eye area, catering to women who want to look beautiful and captivating, just like those styled by Nongchat. The brand emphasizes professional-quality products that are affordable, accessible, and easy to use.

The product line includes:

- Makeup products, especially for eyebrows and eyes
- Beauty accessories

In the past year, Browit has continuously developed new, high-quality products that have been well-received, maintaining a reputation for professionalism, affordability, accessibility, and user-friendly applications.





Special Brand Project

1.9.2 THA BY NONGCHAT: THA EVERYDAY GOOD EVERYDAY

THA is another brand developed in collaboration with makeup artist Nongchat Peangapichart, known as "Nongchat". This brand focuses on skincare products that provide gentle care for beautiful skin and enhance makeup for young women who prioritize skincare and overall well-being.

The product line includes:

- Makeup product
- Skincare and Facial Cleansing Products

Tha by Nongchat aims to offer everyday goodness for everyday use, emphasizing a combination of skincare and makeup to achieve a beautiful and flawless look for young women who care about their skin health.

Lipit.

BY NISAMANEE

1.9.3 Lipit: Happy Lips with Lipit

Lipit focuses on the production and presentation of lip care products, particularly lip balms. The brand was developed in collaboration with Nisamanee Lertvorapong, also known as "Nutt – Nisamanee," a renowned YouTuber and influencer with profound makeup expertise. Recognizing the common issue of dry and cracked lips, Nisamanee envisioned creating a lip care brand to address this concern.

The product lineup includes:

- Lip care products with a strong emphasis on nourishment
- Lip care products that provide beautiful and vibrant colors

Lipit quickly gained widespread acceptance and popularity from the very beginning, evident through its impressive sales and discussions across various social media platforms. The brand remains committed to enhancing its range of care products to solidify its position as the top choice acknowledged by consumers.

HAPPY LIP WITH LIP IT



intimi

“Make Your Days”

1.9.4 Intimi: Make Your Days

The Intimi brand presents itself as an expert in body skincare, providing specialized solutions for the unique needs of consumers of all genders. The brand collaborates with Lardapha Tangnimitarna, a well-known YouTuber and influencer, as well as Euranoug Torgtub, MD., who specializes in intimate care. Intimi is committed not only to meeting the specific needs of consumers but also to enhancing trust by continuously developing premium medical-grade products.

The product lineup includes:

- Intimate cleansers



โดย สก
HAIR IT
BY SAYPAN

The Best Care Your Hair Deserves

1.9.5 Hair It: Best Care Your Hair Deserves

Hair It is a hair care and styling product line developed in collaboration with Jiraporn Buranapong, also known as SP Saypan or "Beauty Blogger," an iconic figure in the beauty and fragrance industry. With profound knowledge and understanding of hair care and perfumes, the collaboration between SP Saypan the Company resulted in premium hair products that nourish and style. The carefully selected ingredients ensure a high-quality experience with a captivating fragrance. Emphasizing practicality and tangible results, Hair It offers finest hair care and styling solutions at an affordable price.

The product lineup includes:

- Hair care products

BEAUTILOX

BY KMGI

Crown Beauty

1.9.6 Beautilox by KMGI: Crown Beauty

Beautilox by KMGI is the result of a collaboration between Karmarts Public Company Limited and Miss Grand International Company Limited, established as KMGI Company Limited. This company focuses on the development of makeup and skincare products, aiming to convey beauty in the form of “Beauty Secrets.” It gathers backstage beauty techniques from beauty pageants and transforms them into practical beauty products. Beautilox opens up opportunities for everyone to create and even crown their own beauty, empowering individuals to lock in confidence every day.

The product lineup includes:

- Makeup
- Facial care
- Body care



2. Marketing and Sales

In the summary of distribution channel aspect, the Company has 5 main channels, namely:

1. Modern Trade

Modern Trade is a contemporary retail channel, distinguished by its diverse product range, well-organized store categories, and appealing decor. Located in easily accessible areas, such as department stores, this new-era retailing format allows consumers to conveniently browse and select their desired products.

1.1 Convenience stores sell compact-sized products and are easily accessible to consumers due to their large number of store branches nationwide. Examples include 7-Eleven, 24 Shopping, Family Mart, Jiffy, Big C Mini, Lotus's Go Fresh, Tops Daily, Turtle Shop, and Lawson108.



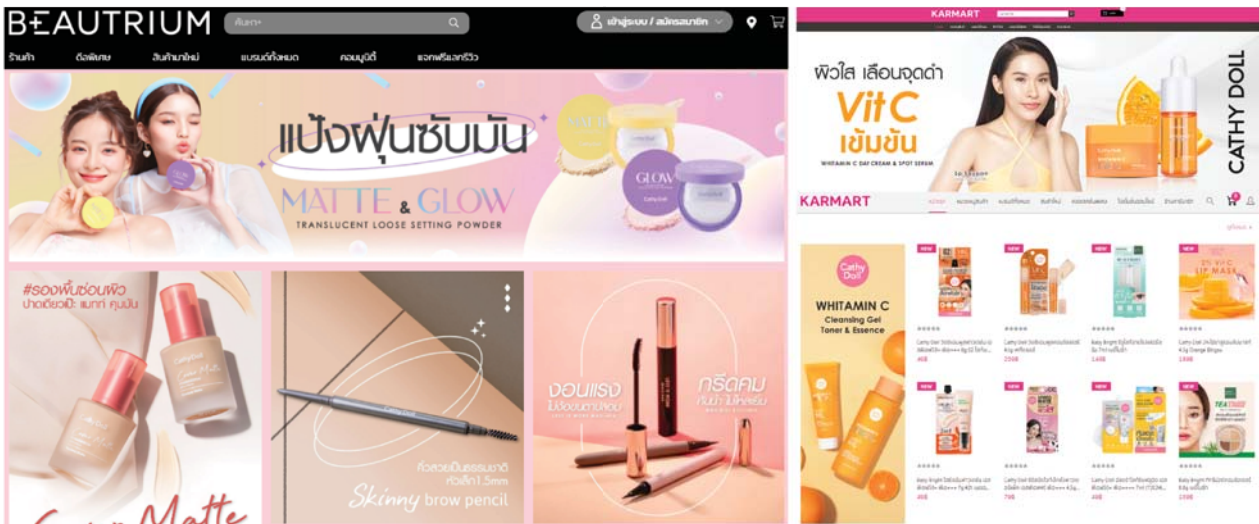
1.2 Supermarkets, hypermarkets, and discount stores are classified within this category because they provide a wide array of consumer goods tailored to the diverse needs of customers. They cater to both individual consumers and wholesale businesses, including SMEs, targeting those with purchasing power and diverse purchase needs. Key players in this sector include Tops, Home Fresh Mart, Gourmet Markt, Food Hall, Tesco Lotus, Big C, CJ Express, Max Valu, Makro, among others.

1.3 Beauty stores offer a wide range of beauty and cosmetic products, including skincare, hair care, and beauty consumables, as well as medicines. These stores are considered beauty product hubs, providing modern and efficient solutions to meet beauty and personal care needs. They effectively reach and cater to specific target groups. Partners in this category include Watsons, Boots, Beautrium, EVEANDBOY, Tsuruha, and pharmacies such as I Care and eXtra Plus. These retail outlets serve as a channel to expand the market and reach new customer segments effectively.

1.4 Direct selling through catalogs involves offering a diverse range of products that cater to wide ranges of customer needs. These products are presented in catalog formats, and sales representatives act as intermediaries, directly contacting customers to facilitate product orders. This approach allows for a swift response to customer needs. An example of this is the Friday Catalog.



In the 2023 overview, Modern Trade channels remain a robust avenue for consistent sales growth. With the gradual normalization of the COVID-19 situation, consumers are reverting to offline purchases, leading to heightened sales within the Modern Trade sector throughout the past year. This growth is evident in both offline and online segments. Consequently, businesses within Modern Trade are placing increased emphasis on online sales. Our Company acknowledges this importance and is actively promoting products online across various MDT platforms, seeking to create additional sales opportunities and bolster brand visibility among a wider, digital customer base



2. Traditional Trade

Traditional Trade channels remain a conventional method of commerce that relies on intermediaries to distribute products to consumers. Despite the prevalence of modern trade stores in various locations, the traditional trade channel continues to be a vital sales-generating component for the Company. This is due to its ability to reach a diverse customer base across all areas of the country, no matter how remote or sparsely populated. Currently, our Company has a widespread and comprehensive network of traditional trade distributor stores throughout the nation, bringing our products to every corner of the country.

- 2.1 **Beauty Stores** specialize in selling beauty and cosmetic products exclusively, offering both retail and wholesale formats. This channel serves as an effective means of distributing products to local community customers.
- 2.2 **Local Supermarkets** are situated in community areas within cities, providing convenience for local residents. These supermarkets are close to consumers, allowing them to understand and access the local consumers' behaviors effectively. They offer a variety of consumer and household products.
- 2.3 **Online Stores:** Distributors that sell products through various e-commerce platforms, such as Lazada, Shopee, and also through their social media channels such as Facebook, TikTok, and various marketplaces on Line application.
- 2.4 **Drug Stores:** Retailers specializing in selling cosmeceuticals and health products, including supplements and items related to the COVID-19 pandemic, such as face masks, hand sanitizers, multi-purpose tissue, etc.
- 2.5 **Specialty Stores:** Businesses catering to specific groups of consumers and/or in specific locations, such as hospitals, hotels, and industrial factories, typically selling products to specific group of consumers within an organisation or location.



Furthermore, “Cash Van” distributors play a crucial role in distributing small-sized products to communities, including convenience stores, small local supermarkets, and community stores across different districts and sub-districts. This strategic approach aims to broaden market reach to cover small local supermarkets, facilitating product distribution to consumers in geographically dispersed communities. Such direct interactions help foster brand recognition within the community, thereby building trust in the brands and products.

In 2023, the Company continues to focus on penetrating new distributor groups, expanding into untouched region to increase channels for distributing products to local stores. The Company constantly works with targets to increase the number of distributors and local community stores, emphasizing market expansion in mass consumer products, primarily in personal care category, to meet the needs of consumers across various segments.

3. Karmart Shop

KARMART Shop is a sales channel operated by the Company, established to provide consumers with convenient access to a wide range of company products under various enticing prices and promotions. This channel aims to instill confidence and foster a strong affection for the brand among consumers. It facilitates efficient market research and understanding of consumer needs.

Additionally, it fosters positive relationships between the brand and customers through well-trained sales staff with product and beauty expertise. One of the Company’s emphases in 2023 include expanding store sizes, such as the Seacon Bangkae branch, and increasing selling space in branches with potential. Collaborations with partner brands aim to enhance product and service offerings in Karmart Shops, and include CHAT Cosmetics, the makeup brand by Nong Chat – Chatchai Peangapichat, as well as Aname, the renowned premium-grade health undergarment technology from Japan. In addition, collaborative brands Kitty Kawaii offers fashion contact lenses and high-quality eyewear, while K-Brow collaborates with Ajarn Yukolchat Chanthakorn, a well-known figure in the eyebrow tattoo business under the Beauty Arts brand.

These collaborations aim to boost sales at the storefront. Moreover, there is an ongoing plan to enhance existing CRM system to further boost the management and maintenance of relationships with existing and new customers. The Company also engages in various partnership projects with partners in different business categories, such as financial institutions, point-accumulating card programs, and other stores like bakeries and beverage shops, to expand the customer base and provide unique privileges to customers as a token of appreciation.

Currently, there are a total of 16 Karmart Shops in Thailand, with 15 located in the Bangkok metropolitan area and one in an outlying province. These branches are strategically positioned in leading shopping centers, including Central Department Stores, The Mall Group, Community Malls, BTS Skytrain stations, and Outlet branches. Additionally, in 2023, there was an expansion of 11 stores under the brand “Reunrom” with all branches operating under the Company’s direct investment model. This aims to enhance efficiency in controlling store management, including the store’s aesthetic appeal, the quality of sales staff, and product stock availability, ensuring a swift and highly efficient response to customer needs.



4. Export

Thai brands and products have gradually gained momentum and became desirable in many international markets due to their product quality, innovation, modern product design, and competitive pricing. This led to the widespread recognition of the Company's House Brands. Additionally, Karmart, in collaboration with partners in each country, planned continuous marketing strategies both online and offline to reinforce the trustworthiness of both the brands and their products to ensure exports remain strong

Currently, the Company distributes products to 23 countries, including Myanmar, Vietnam, Laos, the Philippines, Indonesia, Malaysia, Singapore, Cambodia, Brunei, Japan, Taiwan, Hong Kong, the United Arab Emirates, Kuwait, Iraq, Saudi Arabia, Bahrain, Oman, Bangladesh, India, Russia, the United States, and Peru. The Company continues to emphasize expansion of distribution channels for each country. This includes a focus on accessing both modern trade channels such as Watsons, Seven-Eleven, Guardian, Family Mart, Robinsons Retail, Poya, Cosmed, and Don Quijote, traditional trade channels, and online channels such as Shopee, Lazada, Amazon, and Zalora.

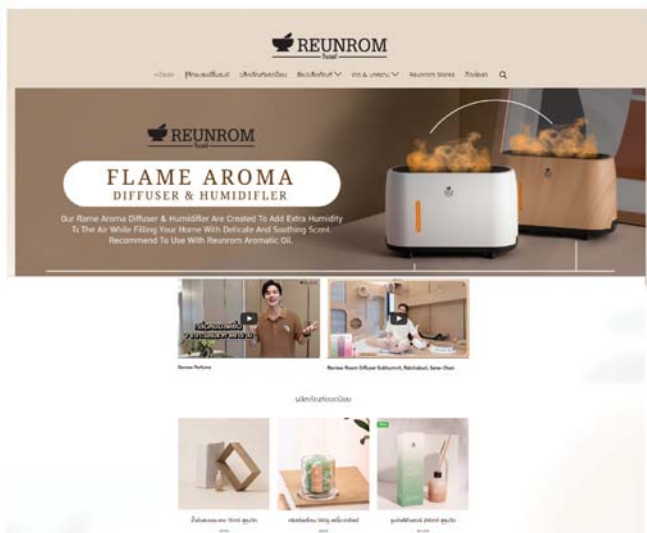
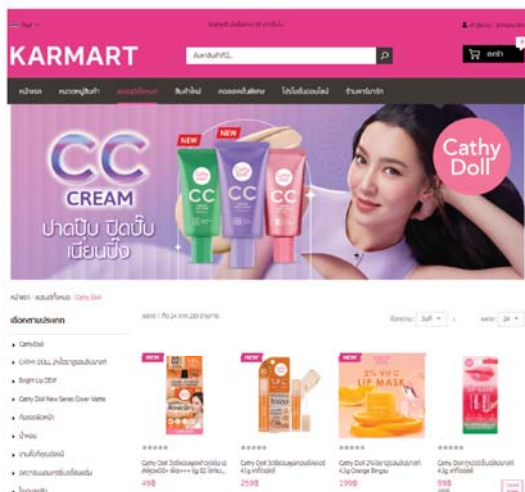


In terms of the overall performance in 2023, sales in the ASEAN region, comprising Myanmar, Vietnam, Laos, and the Philippines, continued to show strong and consistent growth. The Gulf Cooperation Council (GCC) countries, comprising consumer markets with outstanding purchasing power, have also demonstrated significant growth potential and positive trends.

5. Online

In the past year, online channels continued to play a crucial role in conducting business, especially in retail, as consumer behaviors have significantly shifted towards increased online shopping through years of lockdown. Consumers continue to show growing interest in and a preference for ordering products through various online channels. This has led to the expansion of online channels in various formats, including websites, marketplace platforms, as well as social media, and social commerce platforms such as LINE, Shopee, Lazada, and TikTok.

The Company has 3 main types of online sales channels:

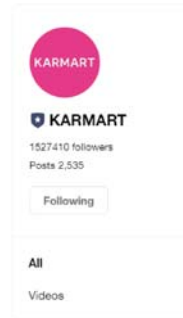


5.1 Sales through Company Websites:

- www.karmarts.com
- www.reunrom.com

5.2 Sales through Social Commerce:

- Line Official Account: @karmart, @karmarts_onlineshop, @reunrom_everyday, @jejuvita
- Facebook / Instagram: Karmartsclub (via posts or live product sales)
- Twitter: Karmartsclub
- TikTok: Karmartsclub
- Lemon8: Karmartsclub



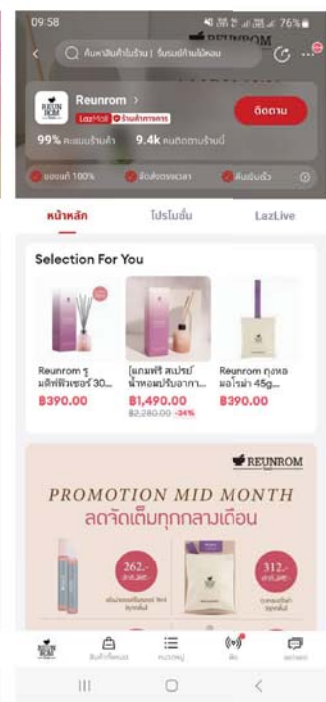
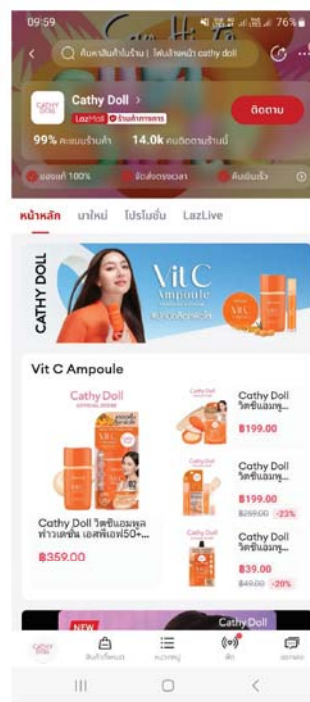
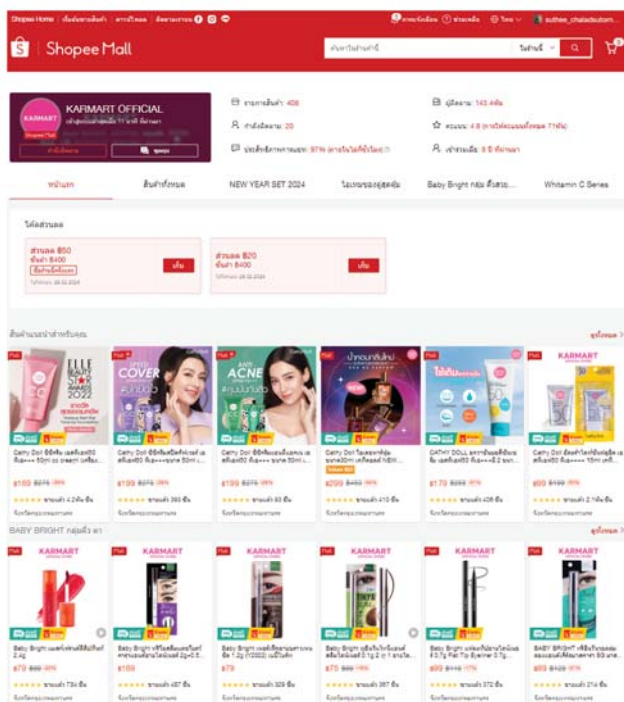
Cathy Doll CC Lip Serum Color Corrector ลิปซีซีเซรั่มลิปซีซี เบอร์ 02 Green Apple เบอร์นี้ขายดีที่สุด! แก้ปัญหาลิปปากดำคล้ำๆ และรอยไหม้ เป็นลิปปากสวยๆ ปลอดภัย ไร้สารพิษ ไร้แอลกอฮอล์ ไร้พาราเบน ไร้ซิลิโคน ไร้สีเคมี ไร้กลิ่นเหม็น สดชื่น หอมหวาน นุ่มนวล ใช้ได้ทุกสภาพผิว

5.3 Sales through E-commerce Platforms:

- Marketplace: Lazada (11 stores), Shopee (11 stores), TikTok (10 stores), Buzzebees (1 store), totaling 33 stores
- E-commerce partners: Konvy, ShopAt24 (consignment model), and others

In 2023, Karmart expanded its market presence significantly on various online platforms and successfully created ever-more vivid brand awareness. This allowed the Company to reach a wider customer base, respond quickly to customer needs, and expand online stores for specific brands. Notably, there was an expansion of brand-specific online stores on Lazada and Shopee, including brands such as Reunrom, Browit, Cathy Doll, Skynlab, Jejuvita, Intimi, Lipit, Baby Bright, and Beautilox.

Marketing efforts have also expanded to incorporate new and captivating social commerce platforms, aligning with the evolving interests of customers. Introducing content in the form of video clips, influencer product reviews, and live selling on platforms such as Shopee, Lazada, and TikTok have all proven effective in directly engaging customers and facilitating purchasing decisions. With ongoing advancements in online channels, the Company is committed to adapting to new formats to best meet customer needs.



3. Product Development and Procurement

The development and procurement of products by the Company are conducted with a dedicated commitment to delivering high-quality products that meet international standards, effectively addressing consumer demand. This involves diverse procurement approaches, considering product quality in line with cost, and diversifying procurement methods to enhance cost and price competitiveness in response to consumer demand. Moreover, it aims to sustain continuous growth, incorporating various components to achieve the following goals:

- **Quality:** The procurement or sourcing of products from suppliers or factories following established standards, with a paramount focus on quality considerations.
- **Quantity:** Ordering quantities that are adequate and appropriate to meet market demand or specific sales channels, while managing inventory and avoiding over-ordering or under-stocking.
- **Price:** Product pricing management essentially involves selecting and purchasing raw materials at reasonable prices and value for the desired product quality. It also includes comparing and evaluating prices among suppliers to choose the most suitable and cost-effective price.
- **Supply:** The act of procuring products and materials from trusted sources or selecting reliable factories with a stable reputation, based on expertise and experience, to ensure the highest quality products.

The sourcing of ingredients, materials and products can be widely categorized into 4 types of procurement as follows:

3.1 Finished goods are imported internationally and manufactured by globally recognized Original Equipment Manufacturer (OEM) according to standards widely embraced by leading or prominent cosmetic brands, ensuring our stringent safety and quality requirements are met.

3.2 Packaging involves sourcing various raw materials both domestically and internationally, ordering product components to be packaged at the factory, ensuring quality control of the packaging process in adherence to Good Manufacturing Practice (GMP) standards, and procuring packaging materials that align with the final product to control costs for packaging and labor.

3.3 Semi-finished goods are imported to Thailand, intending to be packaged or labelled locally. When considering product manufacturing, the Company evaluates cost-effectiveness of such compared to other procurement methods to maximize cost control.

3.4 Self-manufactured goods are locally produced at in-house manufacturing facilities to reduce importation expenses and to better meet the growing market demand fast. These facilities are developed to comply with Good Manufacturing Practice (GMP) standards, ISO 22716 certification, and are registered for medical device manufacturing, allowing for the development of new product lines in the future.

4. Marketing Communication

As the digital landscape today continues to evolve in the “New Normal” and holds an ever-increasingly significant role in a dynamic global village, online media remains a centric aspect of modern marketing communication relating to consumers’ routines, social connections, and behaviors. Karmart is therefore actively enhancing our digital marketing strategies, which involve expanding online communication channels and optimizing response times, positioning itself as a frontrunner in digital beauty. The Company also constantly expands into diverse customer segments, particularly the mass market, by offering an extensive range of brands and products. A seamless integration of both offline and online channels to achieve widespread business outreach is strongly held at the core of our marketing communications and a synopsis of the adapted communication channels is outlined below:

1. Online Media

Throughout the past year, the Company consistently prioritized the enhancement of its online presence and actively participated in a myriad of digital marketing initiatives. These efforts have encompassed collaborative ventures and co-campaigns with our retail partners, influencers, and Key Opinion Leaders (KOLs). Moreover, we have forged strategic alliances with prominent online platforms including Google, YouTube, Facebook, Instagram, and TikTok. Additionally, we have capitalized on online advertising opportunities, secured digital ad space, and harnessed various platforms for product reviews, communication channels, and live selling sessions via our flagship media outlet, Karmartsclub. Further amplifying our online footprint, promotions and product showcases are routinely spotlighted across our primary digital channels, featuring prominently on Facebook Story, Instagram Story, and Instagram Reels.

Online accounts for the above-mentioned forms of online media are briefly elaborated as follow:

Facebook: Karmartsclub, Cathy Doll, Baby Bright, Jejuvita, Reunrom Everyday, Skynlab_Official, Lip it Thailand, Intimi, Browit_by_nongchat, THA_Official, Hairit_official, Beautilox_official, Faceit, BoyaOfficial

Instagram: Karmartsclub, Babybrightclub, Jejuvita_supplement, Reunromeveryday, cathydollclub, Skynlab_Official, lipit.official, intimi.official, browit_by_nongchat, thaskincare_official, hairit_official, beautilox_official, faceit_th, boya_officialth

Youtube: KarmartsClub, Browit By Nongchat

Line Official: @KARMART

Twitter : Cathydollclub, Babybrightclub, SKYNLAB_Official, Jejuvita_supplement, Lipitofficial, Browit By Nongchat, Boya Official

Tiktok : CathyDollclub, Babybrightclub, SKYNLAB_Official, tiktok.Jejuvita, Karmartsclub, lipitofficial, intimi.official, browitbynongchat, thabynongchat, hairit_official, beautilox_official, faceit_th, boya_thailand_official

1.1 Influencer and Key Opinion Leader (KOL)

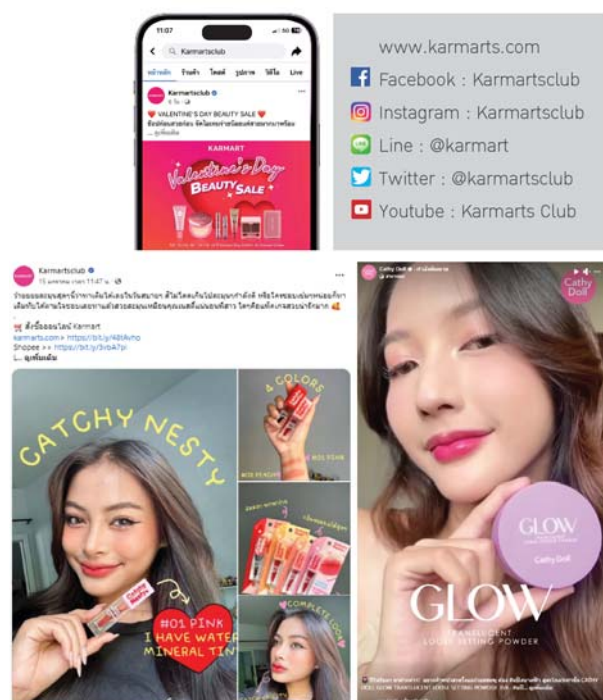
- Actor/ Actress/ Artist
- Beauty and Lifestyle Blogger
- Instagrammer
- Youtuber
- Tiktoker
- Popular Facebook Fan Page
- Internet Idol/ Model
- Beauty Leaders on Other Websites

1.2 Online News

- News Pages on Facebook

1.3 Online Advertising

- Youtube
- Google
- Facebook
- Instagram
- Twitter
- Tiktok
- Internal Advertising at KARMARTS' Headquarters



2. Offline Media

2.1 Point of Purchase Advertising (POP) and Point of Sale Materials (POS)

Point of Purchase (POP) and Point of Sale Materials (POS) are effective tools for enhancing brand visibility and attracting consumer attention at retail locations. Our Company produces various types of these materials, such as Shelf Talkers, Shelf Frames, Tent Cards, Standees, X-Stands, Roll-Ups, and Light Boxes, to promote new products, highlight promotions, and engage customers.

2.2 Television (TV) Media

2.2.1 TV Commercial Spot

TV commercials offer broad audience reach, enabling us to connect with consumers across different demographics. We utilize various television channels, including Free TV and Digital TV platforms like Channel 3, Channel 7, Channel 33 HD, Thai Rath TV, Workpoint, Amarin TV, New18, ONE, and GMM, to effectively showcase our brand and products.

2.2.2 TV Program Integrations

Our brand is featured in TV programs through VTR in-out segments, Product Placements, Logo End Credits, and spokesperson endorsements during interviews or promotional segments, which typically run for 5–7 minutes.

2.3 Print Media

We utilize newspapers, magazines, and other print publications for advertising and PR purposes. Through news coverage, photo submissions, and direct engagement with media outlets, we consistently promote our Company's activities and products.

2.4 Out-of-Home Advertising

2.4.1 Mass Transit Media: Advertising on BTS and MRT trains enables us to reach urban commuters and tourists effectively. Leveraging TV commercials on these platforms enhances brand recognition and visibility among a diverse audience.

2.4.2 Mupi Advertising: Mupi advertising, or small-sized billboards, effectively enhance brand recall and awareness among the general public. Strategically placed across Bangkok and major provinces, they cover both residential and commercial areas.

2.4.3 Large-Scale Billboards: Prominent outdoor billboards offer excellent visibility and help promote brand recall effectively. Positioned along major roads, intersections, markets, and high-traffic areas in Bangkok, they capture the attention of passersby and motorists.

2.4.4 Digital Billboards: Digital billboards display dynamic advertising content in densely populated areas, reaching consumers who consume media on their mobile devices while commuting or outdoors. Utilizing TV commercials on these platforms improves brand recall among working-age individuals.



Cathy Doll Speed White CC Cream



Cathy Doll Speed White CC Cream

3. Brand Ambassador/ Brand Presenter

To create credible brand images and promote products to the market, the Company taps on collaborations with renowned artists and celebrities as brand ambassadors in terms of marketing communication. During the past year, the Company had chosen the following presenters for each brand under Karmarts' umbrella:

CATHY DOLL

- **Saipan – Jiraporn Buranapong** Representing Cathy Doll Ultra Light Sun Fluid SPF50 PA++++ and Cathy Doll Aqua Sun Non-Greasy Body Sun Serum SPF50 PA+++
- **Pu – Praya Lundberg** Representing Cathy Doll Whitamin C Spot Serum, Cathy Doll Whitamin C Day Cream and Cathy Doll 15% 8HYA Ampoule
- **Kittiya Jitpakdee** Representing Cathy Doll Anti Acne Cleansing Water, Cathy Doll Bright Up Cleansing Water and Cathy Doll Hyaluron Cleansing Oil in Water
- **Ohm – Pawat Chittsawangdee** Representing Cathy Doll Speed White CC Cream, Cathy Doll Speed White CC Powder Pact, and Cathy Doll CC Cushion Stick
- **Nanon – Korapat Kirdpan** Representing Cathy Doll Speed White CC Cream, Cathy Doll Speed White CC Powder Pact, and Cathy Doll CC Cushion Stick
- **Bowky – Pitsinee Weerasuttimas** Representing color cosmetics category: Cathy Doll Cover Matte Foundation, Cathy Doll Cover Matte Concealer, Cathy Doll Cover Matte Powder Pact, Cathy Doll Cheers Around Trio Eye Palette, Cathy Doll Get Set Go Brow Cara, Cathy Doll Maximal Eye Liner, Cathy Doll Less is More Mascara, Cathy Doll Skin Fit Jelly Blusher, Cathy Doll Air Relax Lip Blur, and Cathy Doll Hyaluron Lip Moist
- **Bella – Rane Campen** Representing Cathy Doll Speed White CC Cream, Cathy Doll CC Speed White X3 Powder Pact, Cathy Doll CC Cream Speed Cover, Cathy Doll CC Speed Cover Powder, Cathy Doll CC Cream Anti Acne and Cathy Doll Acne CC Speed Oil Control Powder
- **Aum – Thananan Suttithirawut and Kaimook – Naline Chaleerin, artists under the XOXOCITY label** Representing Cathy Doll Speed White CC Cream, Cathy Doll CC Speed White X3 Powder Pact, Cathy Doll CC Cream Speed Cover, Cathy Doll CC Speed Cover Powder, Cathy Doll CC Cream Anti Acne and Cathy Doll Acne CC Speed Oil Control Powder
- **Main actors from Playboyy the Series** representing Cathy Doll Perfume Lotion and Cathy Doll Eau de Parfum: **Jaktrin Giacomo Piazza, Chat – Wasutha Phromchainun, KaowOat – Supasin Singhapan, Boat – Pakorn Tochuensakul, Korn – Palat Chayutnitiroj, Boat – Pakorn Tochuensakul, Vivit – Pharunrit Sarutsitphon, Jeffy – Chutipon Limsirithong, Folk – Ratchanon Wasurat, Aun – Warit Lertjaruvong, Parm – Pawarate Pakdeelakakul, Shell – Thakrit Chaiwut, Dech – Narongdet Rungarun, Win – Jirapat Uttayananon, View – Thanathorn Bunson**



BABY BRIGHT

- **Baifern – Pimchanok Luevisadpaibul** Representing lipstick category: Baby Bright Sweet Café Shiny Tint, Baby Bright Cloudy Bare Tint, Baby Bright Morning C Color Lip Mask, Baby Bright Rejulight Jelly Tint, Baby Bright Truffle 3in1 Ultra Soft Lip, Baby Bright Mask Friendly Lip Tint, Baby Bright Fixing Proof Liquid Lip, Baby Bright Gentle Matte Collagen Lipstick, Baby Bright Lip & Cheek Matte Tint, Baby Bright Honey Tint Lip Treatment, Baby Bright Lip & Cheek Peach Glow Tint, Baby Bright Primer Powder Tint, and Baby Bright Juicy Tomato Water Gel Tint
- **Zee – Pruk Panich** Representing Baby Bright Tattoo Eyebrow Liner, Baby Bright Perfect Eyebrow Pencil, Baby Bright Brow Blade Hair Line Pencil, Baby Bright Herbalash Brow and Lash Serum, Baby Bright Draw and Bright Brow Palette
- **NuNew – Chawarin Perdpiyawong** Representing Baby Bright Jewel Eyeshadow, Baby Bright Eye Palette 0.7g x 6 Colors, Baby Bright Red Clover Long Lash Mascara, Baby Bright Up and Down Duo Eyeliner, Baby Bright Rosy Rose Eyeliner, Big Eye Duo Mascara, 2in1 Tiny & Slim Liner



JEJUVITA

- **Saypan – Jiraporn Buranapong** Representing Jejuvita XStox Fiber Powder



LIP IT

- Nutt – Nisamanee Lertvorapong Representing Lip it brand



INTIMI

- Nan – Lardapha Tangnimitarna Representing Intimi brand



SKYNLAB

- Billkin – Putthipong Assaratanakul Representing Skynlab products
- Krit – Amnuaydechkom Representing Skynlab products



HAIR IT

- Saypan – Jiraporn Buranapong Representing Hair It by Saypan products



BEAUTILOX

- Pailiu – Kamonwalai Prajakrattanakul Representing Beautilox Invisiblur White Up Filter Cream
- Aoom – Thaweepon Phingchamrat Representing Beautilox BB Aura Bright Body Cream
- Meena – Rina Chatamonchai Representing Beautilox CC White Up Body Cream

FACE IT

- Tia Li Taveepanichpan Representing Face It Draw & Flick Micro Brow
- Meena – Rina Chatamonchai Representing Face It On Stage Illusion Matte Cushion
- Snack Ajcharee Srisuk Representing Face It On Stage Illusion Matte Cushion
- Ket – Ketwalee Phonbodi Representing Face It On Stage Illusion Matte Cushion



4. Marketing Communication Activities

In 2023, the Company executed various successful marketing campaigns and effectively rekindled essential relationships with target demographics amid the reopening and strong period of growth of the economy.

1. BOWKYLION LANTA CONCERT As the primary sponsor of the inaugural concert by renowned singer Bowkylion on February 18, 2023, at Thunder Dome, Muang Thong Thani, the event showcased various makeup products from the Cathy Doll line. Featured products included Cover Matte Foundation, Cover Matte Concealer, Cover Matte Powder Pact, Cheers Around Trio Eye Palette, Jet Set Go Browcara, Maximal Eye Liner, Less is More Mascara, Skin Fit Jelly Blusher, Air Relax Lip Blur, and Hyaluron Lip Moist.



2. A TALE OF LOVE & DESIRE WITH ZEE & NUNEW On March 7, 2023, aboard the Saffron Cruise by Banyan Tree, the event aimed to boost sales of Baby Bright Duo Brow Pencil & Mascara and Baby Bright Trio Slim Lashbrow Cara & Eyeliner, featuring Zee – Pruk Panich and NuNew – Chawarin Perdpiriyawong.



3. CATHY DOLL FALL IN LOVE WITH OHM-NANON

On March 25, 2023, at Osca & Blanco Bar and Restaurant, the event featured Ohm – Pawat Chittsawangdee and Nanon – Korapat Kirdpan, aiming to stimulate sales of Cathy Doll Speed White CC Cream, Cathy Doll Speed White CC Powder Pact, and Cathy Doll CC Cushion Stick.



4. BABY BRIGHT X MISS GRAND THAILAND 2023 On April 29, 2023, at MGI Hall and led by Miss Grand Thailand 2022, Engfa Waraha, the event aimed to drive sales of Baby Bright Sweet Cafe Shiny Tint and Baby Bright Gentle Matte Collagen Lipstick.



5. CATHY DOLL X WATSONS LOVE IS LOVE PRIDE PARADE Collaborating with Watsons for the event on June 23, 2023, at Siam Square Soi 5, this event aimed to promote new products such as Cathy Doll CC Cream Speed Cover and Cathy Doll CC Cream Anti Acne.



6. LIP IT. x WATSONS Partnered with Watsons for the “Watsons Love is Love” Pride Parade on June 23, 2023, at Siam Square Soi 5, and featuring renowned beauty blogger Nutt – Nisamanee Lertvorapong, the event highlighted products including Lip it Everyday Sun Balm SPF15 PA++, Lip it Tint Me Healthy Balm, Lip it Water Bomb Color Glow, and Lip it Feel'in Good Lip Mask Stick.



7. SKYNLAB FIRST TO SHINE EVENT

On July 2, 2023, at Central Westgate, this event, featuring Billkin – Putthipong Assaratanakul, aimed to increase awareness and sales of Skynlab products.



8. LIP IT. X NISAMANEE BIRTHDAY FANMEET 2023

The event held on July 9, 2023 celebrated Nutt – Nisamanee Lertvorapong's 32nd birthday at Gaysorn Urban Resort, creating awareness and promoting Lip it products to fan clubs.



9. WATSONS 27TH ANNIVERSARY CELEBRATION

Nutt – Nisamanee Lertvorapong, the brand presenter for Lip it, participated in the celebration of Watsons' 27th Anniversary on August 3, 2023, at Central Lardprao, to promote Lip it products.



10. PURCHASE TO JOIN BROWIT BY NONGCHAT LONG STAY BEAUTY EVENT The event offered participants the chance to win up to 2 exclusive privileges during the campaign period from September 1st to 30th, 2023, to join a limited-attendance workshop with Nongchat himself, which was restricted to 30 slots, or to receive a complimentary makeup transformation by Nongchat's makeup artists at the event booth.



11. SKYNLAB X MISS GRAND BANGKOK – MISS GRAND SARABURI Skynlab sponsored the Miss Grand Bangkok – Miss Grand Saraburi event on September 12, 2023, at Golden Tulip Hotel, promoting the Skynlab Premium Gift Set 3in1 Gentle.



12. INTIMI X COSMOPROF CBE ASEAN BANGKOK

Nan – Lardapha Tangnimitarna, the vibrant brand presenter for Intimi, showcased the allure of Intimi products at Cosmoprof CBE Asean Bangkok on September 14, 2023.



13. LIP IT. X COSMOPROF CBE ASEAN BANGKOK

Nutt – Nisamanee Lertvorapong, showcased Lip it products with flair and radiating charisma at the successful Cosmoprof CBE Asean Bangkok event on September 14, 2023.

14. **BROWIT BY NONGCHAT 7TH ANNIVERSARY** Browit by Nongchat commemorated its 7th Anniversary on October 9, 2023, at Siam Center, celebrating sales surpassing 1 billion baht and unveiling the new Long Stay Series collection.



15. LIP IT. X EVEANDBOY

Lip it partnered with Eveandboy to promote Lip it products at the opening of Eveandboy's new branch at The Mall Bangkapi on October 20, 2023. The event was graced by the presence of Nutt – Nisamanee Lertvorapong, a Lip it brand presenter.

16. **LIP IT. X BEAUTRIUM** Nutt – Nisamanee Lertvorapong joined the celebration of Beautrium's 12th Anniversary on November 2, 2023, at Siam Square, aiming to boost sales of Lip it products.



17. LIP IT. X KAEW BEAUTY STORE

Nutt – Nisamanee Lertvorapong participated in the grand annual promotion event, Kaew Beauty Store End of Year Super Sale, on November 8, 2023, at Thongtarin Hotel, Surin province, to stimulate sales of Lip it products.



18. INTIMI X KAEW BEAUTY STORE

Nan – Lardapha Tangnimitarna joined the highly anticipated annual promotion, the Kaew Beauty Store End of Year Super Sale, held on November 8, 2023, at Thongtarin Hotel in Surin province, aiming to significantly enhance the sales of Intimi products.



19. LIP IT. X PRAEW ICONIC BEAUTY 2023

Nutt – Nisamanee Lertvorapong received the 'Iconic Hydrating Lip Balm with SPF' award from Praew for Lip it Everyday Sun Balm SPF15 PA++ on November 9, 2023, at Rin at Raintree.



20. SKYNLAB PREMIUM SMILE GRAND OPENING

LIVE EVENT WITH BILLKIN-PP On November 12, 2023, Skynlab hosted the grand opening event, "Skynlab Premium Smile," featuring Billkin – Putthipong Assaratanakul and PP – Krit Amnuaydechorn, at EightEight Studio. The event aimed to promote Skynlab products and enhance brand recognition as it was broadcasted live on Lazlive to reach a wider audience and stimulate brand sales.



21. HAIR IT X GUCCI PERFUME GIVEAWAY

Gucci perfume giveaways, from November 23 to December 11, 2023, was conducted through a competition where customers were required to review Hair It products for a chance to win the complimentary perfume.



22. LIP IT. X EVEANDBOY 18TH ANNIVERSARY GRAND SALE 2023

Nutt – Nisamanee Lertvorapong participated in the celebration of Eveandboy's 18TH Anniversary Grand Sale on November 24, 2023, at Siam Square, stimulating sales of Lip it products such as Lip it Everyday Sun Balm SPF15 PA++, Lip it Tint Me Healthy Balm, Lip it Water Bomb Color Glow, Lip it Feel'in Good Lip Mask Stick, and Lip it Happy Lip Set.



23. LIP IT. X BEAUTY CENTER, UBON RATCHATHANI

Nutt – Nisamanee Lertvorapong made a promotional appearance at the Beauty Center, located in the Big C branch at Ubon Ratchathani, on December 2, 2023, from 13:00 to 14:00, to enhance sales of Lip it products.



24. CATHY DOLL CC SERIES AT BEAUTY CENTER, UBON RATCHATHANI Bella – Ranee Kampen received awards for Cathy Doll products on December 9, 2023, at Beauty Center, Big C branch, Ubon Ratchathani, promoting Cathy Doll CC Cream Speed White CC Cream, Cathy Doll CC Speed White X3 Powder Pact, Cathy Doll CC Cream Speed Cover, Cathy Doll CC Speed Cover Powder, Cathy Doll CC Cream Anti Acne, and Cathy Doll Acne CC Speed Oil Control Powder.



25. INITIMI X BEAUTRIUM EVENT AT CENTRAL WORLD Nan – Lardapha Tangnimitarna celebrated the opening of Beautrium's new branch at CentralWorld on December 5, 2023, to boost sales and promote Intimi products such as Feminine Intimate Wash, Masculine Intimate Wash, and Underarm & Bikini Line Whitening Toner.



26. LONG STAY BEAUTY WORKSHOP WITH NONGCHAT Lucky winners from the Long Stay Beauty with Browit by Nongchat event attended a workshop on December 10, 2023, at Chatrium Grand Bangkok Hotel.



27. SKYNLAB PREMIUM SMILE & LASTING FRESH BREATH X MRT Premium Smile giveaways were conducted from December 13 to 19, 2023, at several MRT stations, including Sukhumvit, Queen Sirikit National Convention Center, Chatuchak, Lardprao, Rama 9, Thailand Cultural Center, and Phetchaburi, promoting Skynlab products such as Skynlab Premium Fresh Smile Toothpaste, Skynlab Mouthwash-Infused Toothpaste, and Skynlab Organic Premium Herbs Toothpaste.



28. BOYA X MISS GRAND LAMPANG – LAMPHUN 2023 Contestants from the Miss Grand Lampang – Lamphun 2023 pageant showcased Boya Mineral Milk Body Cleansing Mousse at Chiang Mai's International Convention Center (Khum Khantoke) on December 23, 2023.



29. SKYNLAB X NICE TWO MEAT U Toothpaste and mouthwash giveaways took place from December 28, 2023, at nice two Meat u stores, promoting Skynlab products such as Skynlab Premium Fresh Smile Toothpaste, Skynlab Mouthwash-Infused Toothpaste, Skynlab Organic Premium Herbs Toothpaste, and Skynlab Organic Premium Herbs Mouthwash.

30. SKYNLAB x AFTER YOU

Skynlab's toothpaste and mouthwash were featured in giveaways starting December 29, 2023, at After You stores, spotlighting products such as Skynlab Organic Premium Herbs Toothpaste and Skynlab Organic Premium Herbs Mouthwash.



5. Assets Utilized in Business Operations

Refer to the attachment 4 for detailed information on this matter.

6. Outstanding Deliverables

— None —

1.3 Shareholding Structure

1.3.1 Division of Business Operations of the Companies in the Group

Subsidiaries

J Kos Laboratories Co., Ltd.

In July 2013, KARMARTS PCL made an investment in Tao Bao Co., Ltd. with the initial purpose of bolstering its online cosmetics sales strategy. By the third quarter of 2014, Tao Bao Co., Ltd. underwent a name change to J Kos Laboratories Co., Ltd. and transitioned its business model to focus on the production and packaging of cosmetics, perfumes, beauty tools, and related accessories. The company's registered capital comprised 2,000,000 ordinary shares valued at Baht 5 per share, totaling Baht 10,000,000. Karmarts acquired 1,400,000 ordinary shares in J Kos Laboratories Co., Ltd. for 5 Baht per share, representing 70% of the total issued shares at face value.

Pa Donphutsa Co.,Ltd.

Pa Donphutsa Co., Ltd. is primarily engaged in activities related to forestation, agricultural plantation, and the preservation of large endangered aquatic species. On October 15, 2021, the Board of Directors of the company approved the acquisition of 150,000 ordinary shares, representing 75% of the total issued and paid-up shares of 200,000, from Pa Donphutsa Co., Ltd., a subsidiary of the company's associate, The Iconic Property Co., Ltd. This purchase was finalized on November 1, 2021, with the company paying a total of 16.5 million Baht for the shares. Consequently, the company updated its investment recording for Pa Donphutsa Co., Ltd., changing it from an investment in an indirectly associated company to an investment in a subsidiary, effective from the date of the investment onwards.

On November 12, 2021, the company acquired an additional 22,000 ordinary shares of Pa Donphutsa Co., Ltd., equivalent to 11% of the total issued and paid-up shares of 200,000, from previous shareholders at a par value of Baht 100 per share. This investment amounted to Baht 2.2 million as of December 31, 2021. With this purchase, the company's total shareholding in Pa Donphutsa Co., Ltd. reached 172,000 shares, valued at Baht 18.7 million, representing 86% of the total issued shares, which have a registered capital of Baht 20 million.

On January 4, 2022, Pa Donphutsa Co., Ltd. approved an increase in share capital by Baht 240 million (2.4 million ordinary shares with a par value of Baht 100 each). Following this capital increase, the subsidiary's total registered share capital stood at Baht 260 million, comprising 2.6 million ordinary shares valued at Baht 100 each. On January 18, 2022, the subsidiary completed the registration of the increased share capital with the Ministry of Commerce and initiated a full share subscription.

The company paid Baht 206.4 million for the aforementioned share capital increase, acquiring 2.064 million shares at Baht 100 each, and maintained an 86.00% ownership stake in Pa Donphutsa Co., Ltd.

On November 14, 2022, the Board of Directors of the company authorized the sale of 182,000 shares of Pa Donphutsa Co., Ltd. to two affiliated individuals at a price of Baht 100 per share, totaling Baht 18.2 million. This transaction involved the sale of 7.00% of the subsidiary's registered and paid-up capital. Following the sale, the company's ownership in Pa Donphutsa Co., Ltd. decreased to 79.00%, allowing it to maintain control over the subsidiary.

KJF GLOBAL Co.,Ltd.

KJF GLOBAL Company Limited, a wholesaler and retailer of cosmetic products, was acquired to serve as one of the company's "House Brands." KARMART obtained ownership in KJF GLOBAL by purchasing 9,997 ordinary shares at a par value of Baht 100 per share, representing 99.97% of the issued shares (with KJF GLOBAL's total registered share capital at Baht 1,000,000).

On March 10, 2022, KJF GLOBAL Company Limited increased its total shares to 100,000 at a par value of Baht 100 per share, amounting to Baht 10,000,000. Following several changes in shareholding and composition, the company now holds 50,997 shares, equivalent to 50.99% of the registered capital.

Associates

The Iconic Property Company Limited

The Iconic Property Company Limited, known as The Iconic, is active in the property development sector, focusing on hotels, resorts, and condominiums. The company has a registered ordinary share capital of 21,390,000 shares, each valued at Baht 10, totaling Baht 213,900,000. In 2016, the company acquired 7,102,999 ordinary shares of The Iconic Property Co., Ltd. at a price of Baht 10 per share, amounting to Baht 71,029,990, which constituted 33.33% of the issued shares at the time. During the same year, The Iconic established three subsidiaries: The Iconic Property Charan Sanit Wong 13 Co., Ltd., The Iconic Property Phetkasem Co., Ltd., and Bangwaek Condominium Co., Ltd. Each of these subsidiaries had a registered ordinary share capital of 100,000 shares, valued at Baht 10 per share, totaling Baht 1 million in capital.

In 2020, The Iconic also launched a new subsidiary called Pa Donphutsa Co., Ltd., with a registered capital of Baht 20,000,000. This capital was divided into 200,000 common shares, each with a par value of Baht 100, and all shares were fully paid-up. Further details about this subsidiary can be found in the aforementioned section on Subsidiaries.

Joint venture

Karmarts Vietnam Company Limited

Karmarts Vietnam Company Limited engages primarily in wholesale and retail operations within the cosmetics industry in Vietnam. KARMART made a collective investment of USD 98,000, approximately equivalent to Baht 3.56 million, to acquire a 49% stake in the issued and paid-up shares totaling USD 200,000 of Karmarts Vietnam Company Limited. The company classified its investment in Karmarts Vietnam Company Limited as a joint venture from the date of investment. It's worth noting that Karmarts Vietnam Company Limited has a predetermined operational lifespan of 50 years, commencing from its incorporation date on October 9, 2015.

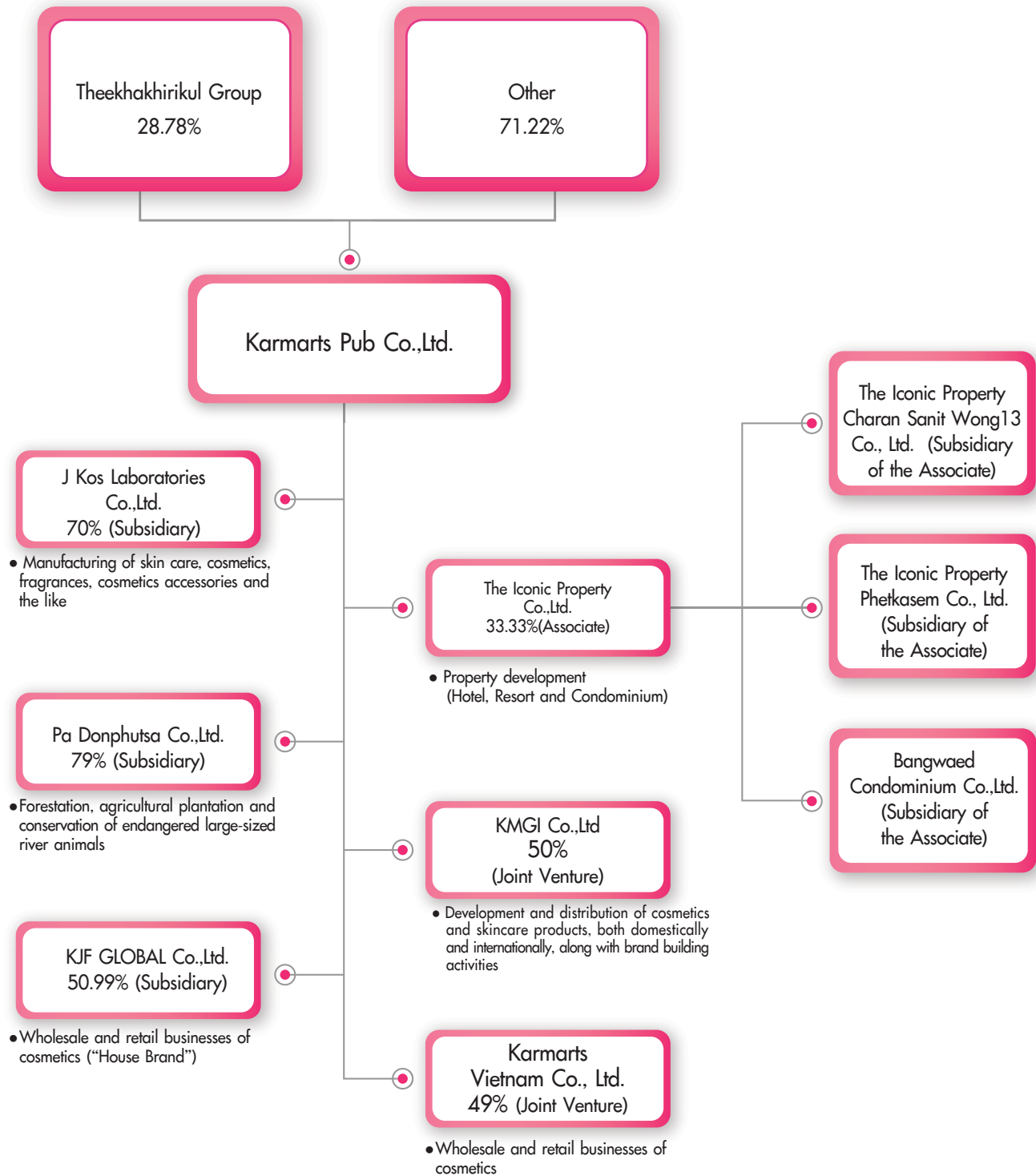
KMGI Co., Ltd.

KMGI Co., Ltd. was registered as a company on February 24, 2023, with a registered capital of Baht 1 million (100,000 ordinary shares, with a par value of Baht 10 per share), and the company acquired 50% of the registered capital and paid for the shares totaling Baht 0.4999 million (49,999 ordinary shares, with a par value of Baht 10 per share).

At the shareholders' annual meeting of Company KMGI Co., Ltd. held on June 19, 2023, a resolution was passed to approve a capital increase of Baht 9 million (900,000 ordinary shares, with a par value of Baht 10 per share). After this capital increase, the company's registered capital amounted to Baht 10 million (1,000,000 ordinary shares, with a par value of Baht 10 per share). The company purchased additional shares totaling 450,000 shares, amounting to Baht 4.5 million, and other shareholders bought additional shares totaling 450,000 shares, also amounting to Baht 4.5 million. Following the capital increase, the company continued to hold shares in the company at 50%, and the company still maintains joint control over the company.

KMGI Co., Ltd. registered its capital increase with the Ministry of Commerce on June 19, 2023.

Shareholding Diagram of The Group of Companies



Juristic entity in which the Company hold at least 10% stake

	Type of Business	Registered Capital	Paid-up Capital	the Company's Stake
J Kos Laboratories Co., Ltd. <u>Location</u> : 261/1 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel. : 0-2805-2756-60 Fax. : 0-2805-0251-2	Manufacturing of skin care, cosmetics, fragrances, cosmetics accessories and such	THB 10,000,000	THB 10,000,000	70.00%
Pa Donphutsa Co.,Ltd. <u>Location</u> : 81/1 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel. : 0-2805-2756-60 Fax. : 0-2805-0251-2	Forestation, plantation and conservation of endangered large aquatic animals	THB 260,000,000	THB 260,000,000	79.00%
KJF GLOBAL Co.,Ltd. <u>Location</u> : 81/1 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel. : 0-2805-2756-60 Fax. : 0-2805-0251-2	Cosmetics wholesale & retail	THB 10,000,000	THB 10,000,000	50.99%
The Iconic Property Co., Ltd. <u>Location</u> : 81/1 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel. : 0-2805-2756-60 Fax. : 0-2805-0251-2	Real estate development (Hotel, Resort and Condominium)	THB 213,090,000	THB 213,090,000	33.33%
Karmarts Vietnam Company Limited <u>Location</u> : Vietnam	Cosmetics wholesale & retail	USD 400,000	USD 200,000	49.00%
KMGI Co., Ltd. <u>Location</u> : 265/1 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasi charoen, Bangkok 10160 Tel. : 0-2805-2756-60 Fax. : 0-2805-0251-2	Development and distribution of cosmetics and skincare products, both domestically and internationally, as well as brand building activities	THB 10,000,000	THB 10,000,000	50.00%

1.3.2 Persons with potential Conflict of Interest

– None –

1.3.3 Shareholders Structure

List of Top 10 Major Shareholders of the Company as of March 14, 2024 as follow

Shareholders' name	Amount	%
1. Theekhakhirikul Group	316,617,874	28.783
Mr. Wiwat Theekhakhirikul	204,083,788	18.553
Mr. Polkrit Teekhakhirikul	39,893,333	3.627
Ms. Woramol Teekhakhirikul	35,935,733	3.267
Mr. Parit Teekhakhirikul	33,025,200	3.002
Mr. Wongwiwat Theekhakhirikul	2,214,620	0.201
Mr. Pongwiwat Theekhakhirikul	855,200	0.078
Ms. Narapan Theekhakhirikul	610,000	0.055
2. Wellsiam Co., Ltd.	198,001,782	18.000
3. UBS AG SINGAPORE BRANCH	51,100,000	4.645
4. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH CORPORATION LIMITED,	30,499,733	2.773
5. Thai NVDR Co., Ltd	29,436,145	2.676
6. Mr. Chalermdech Leewongcharoen	23,905,466	2.173
7. QPE Fund 1 Limited	22,000,198	2.000
8. Miss Yupa Leewongcharoen	10,150,033	0.923
9. PHILLIP SECURITIES PTE LTD.	10,000,000	0.909
10. Miss Chantip Sritakul	9,666,793	0.879
11. Other	398,621,972	36.238
Total	1,099,999,996	100.000

1.4 Amounts of registered capital and paid-up capital

1.4.1 Common Shares

The Company's registered capital at the year end of 2023 stood at Baht 659,999,997.60, as opposed to approximately Baht 528,000,000 in the previous year, and comprises 1,099,999,996 shares with a par value of Baht 0.60 each (previously 879,998,016 shares). The paid-up capital amounts to Baht 659,999,997.60.

1.4.2 Other Shares with Different Terms or Rights from Common Shares

—None—

1.4.3 Karmarts' Shares or Convertible Securities as Underlying Securities for Issuing Mutual Funds for Foreign Investors

—None—

1.5 Issuance of other securities

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

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

On 8 May 2013, the Company issued 59,997,956 warrants (KARMART-W1) for the subscription of the Company's ordinary shares, at a price of Baht zero each in a ratio of 1 warrant for 10 existing ordinary shares. These warrants were exercisable within one year from the issuance date, on the last business day of July 2013, October 2013, January 2014, and May 6, 2014, in a ratio of 1 warrant to 1 new ordinary share, at an exercise price of Baht 2 per share. The warrants, which were negotiable instruments, were registered in the name of the certificate holder. The exercise period for the warrants ended on May 7, 2014, during which 659,568,809 ordinary shares of the Company were purchased, while the remaining 431,191 shares were not exercised.

During the Board of Directors' Meeting No.1/2017 on February 27, 2017, it was resolved that dividends would also be issued in the form of ordinary shares totaling 219,856,270 shares to current shareholders at a ratio of 3 current shares for 1 dividend share. Additionally, the offering of newly issued shares of Karmarts Public Company Limited to Directors, Managers, and/or Employees of the Company (ESOP Scheme) was resolved to be presented at the Annual General Meeting of shareholders for the year 2017.

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

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

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

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

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

On 3 August 2023, the Extraordinary General Meeting of shareholders of the Company passed and approved the following resolutions:

1. To decrease the share capital of the Company by Baht 1,190 through the cancellation of 1,984 unissued ordinary shares with a par value of Baht 0.60 each. The Company registered the decrease of its share capital with the Ministry of Commerce on August 7, 2023

2. To increase the share capital by 132 million Baht from 528 million Baht to 660 million Baht through the issuance of 220 million new ordinary shares with a par value of 0.60 Baht each. The Company registered the increase of its share capital with the Ministry of Commerce on August 8, 2023.

3. To allocate 220 million newly issued ordinary shares with a par value of Baht 0.60 each through private placement to two entities (each of which is related as a concert party) at a price of Baht 7.25 per share, totaling Baht 1,595 million.

The Company must complete the offering of such shares within the period approved by the shareholders' meeting, which must not exceed 3 months from the date that the shareholders' meeting passed the resolution to approve such offering of shares.

It shall be duly noted that the resolution to approve the initial decrease in registered share capital, the subsequent increase in registered share capital, and the allocation of newly issued ordinary shares through private placement as approved by the Extraordinary General Meeting of shareholders of the Company on August 3, 2023 stemmed from the Company's Board of Directors Meeting no. 4/2023 held on May 22, 2023.

1.6 Dividend payment policy

Karmarts

The Company pays dividend based on 50% of the net profit as per the profit and loss statement after fully setting aside statutory reserve, which comprises not less than 5% of the net profit and not less than 10% of the capital registered.

Dividend Payment

	2021	2022	2023
Earnings per share (THB/Share)	0.33	0.37	0.71
Dividend per share (THB/share)	0.18	0.26	0.36
Dividend payout ratio (%)	55	70	51

2. Risk Management

2.1 Risk management policy and plan

Effective risk pre-anticipation, on-going management and post-mitigation are considered integral parts of the Company's business operations. In 2023, it was affirmed that the Company has an appropriate and adequate internal control system which promotes an effective and efficient management of the Company and its subsidiaries, protecting their assets and the shareholders' benefits as well as preventing the risk of corruption and bribery. The Company has a robust risk management process that consists of:

1. Audit Committee overseeing the Company's internal operations and ensuring matters are conducted properly and effectively. Moreover, the Company also prepared accurate, complete and reliable financial statements both quarterly and yearly in accordance with generally accepted accounting principles (please refer to the Report of Audit Committee for further details).
2. Review of business transactions – The Audit Committee examined and evaluated business transactions, ensuring that the Executive Committee's decisions adhered to the principles of good corporate governance. It was also validated that transactions were made according to the regulations of Terms and Conditions of Trade which are stated in the financial statements and footnotes. In addition, the Audit Committee also ascertained that no conflict of interest was present.
3. Review of compliance with legal framework and regulations of SEC and SET, as well as other related law and good corporate governance frameworks – The Audit Committee evaluated guidelines and ascertained the Company practiced principles of good corporate governance

2.2 Risk Factors

The company has in place financial risk management policy described below.

1. Credit risk

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

Trade Accounts Receivables

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

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

Financial instruments and cash deposits

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

2. Foreign Currency Risk

The Company and its subsidiaries are exposed to foreign currency risk arising mainly from trading transactions that are denominated in foreign currencies, more frequent than not which reference to United States Dollar USD, while selling all products in Thai Baht THB, thereby rendering exposure to exchange rate devaluation. However, total amount of bank overdrafts and short-term loans in both year 2023 and 2022 hover below USD 0.44, 1.76 million and is not likely to increase in the foreseeable future. Should the purchasing value of foreign goods increase in the future, the company will consider using currency forward contracts on a case-by-case basis to mitigate such risk.

The significant balance of financial assets and liabilities denominated in foreign currencies as at December 31, 2023 was USD 0.44 million with an average exchange rate of 34.2233 Baht/USD. (2022: USD 1.76 million with an average exchange rate of 34.5624 Baht/USD)

3. Interest rate risk

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

The Group manages interest rate risk by maintaining appropriate and balanced portfolio of fixed and variable rate loans and borrowings.

Significant financial assets and liabilities classified by type of interest rates are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date (if this occurs before the maturity date). according to the financial statement remark No. 34.1: Interest rate risk.

4. Product Risk

In view of rising popularity and equity of products marketed under the KARMART brand, unauthorized use and legal infringement of trademark of the Company pose a significant risk to the Company. With the uncovering of manufacturing and distribution of counterfeit products that imitate the Company's product packaging and concept, the Company decided to register the brand name as a trademark and jointly conduct regular monitoring with its partners for counterfeit goods on social media platforms and file lawsuits against sellers and manufacturers for sales and promotion of such illegal products.

In regards to product development risk, the Company has developed its own recipes and formulations together with manufacturing companies with years of expertise in the industry. In all such collaborations, both parties are obliged to endorse product development non-disclosure agreements in order to prevent unauthorized disclosure of confidential information associated with product development.

5. Inventory Devaluation Risk

Demands and supplies of cosmetics and skincare products come with great volatility. In 2023 and 2022, the company held an average inventory of 13.67% and 21.67% of all assets respectively and has an average selling period of 92 days.

The company reserves devaluation of inventory aged between 1 – 3 years of Baht 8.91 million and another Baht 24.03 million for inventory aged more than 3 years. With constant sales and marketing clearance promotions, the company consistently ensures low risk in this aspect.

3. DRIVING BUSINESS VALUE THROUGH SUSTAINABILITY

3.1 Overall Policy

The Sustainable Development Report is prepared annually to cover operations with the latest information applying across January 1, 2023, to December 31, 2023, providing a channel of communication for stakeholders to understand the Company's sustainable development policies, guidelines, and operational outcomes encompassing economic, social, and environmental dimensions.

The Company places paramount importance on corporate responsibility, transparency, auditability, and ethics. This commitment encompasses respecting human rights, prioritizing stakeholder benefits, ensuring product quality and safety, fostering community and environmental care, complying with laws and international standards, and enhancing sustainable corporate social responsibility through 3 key principles:

1. Human Development: The initiative focuses on enhancing the skills and career paths of stakeholders, employees, youths in the community, the public, and business partners. This is achieved through the provision of self-development opportunities and mentorship targeted at improving work abilities and performance.

2. Socially Responsible Production Process: These processes involve continuously refining the production flows to prioritize environmental sustainability and consumer safety, thus ensuring eco-friendliness and safety for both the environment and consumers.

3. Care and Development within and beyond Business Alliances: Engaging with business alliances, particularly business partners and representatives, and motivating them to facilitate activities for individual and collective organizational growth, as well as community development initiatives.

Corporate Sustainability

The Company conducts its operations with integrity, taking accountability for any consequences arising from its business activities across the supply chain. It prioritizes transparency, accountability, ethical practices, respect for human rights, and the well-being of stakeholders. Central to its approach is the emphasis on product quality, consumer safety, community and environmental impact, and compliance with legal and regulatory standards. Additionally, the Company continually enhances its internal framework to promote sustainability and excellence in corporate social responsibility across 3 key dimensions: economic, social, and environmental.

3.2 Management of Potential Impacts on Stakeholders in the Value Chain

The Company aims to emerge as a frontrunner in the cosmetics sector on the global stage by leveraging its proficiency in products and services. It seeks to lead the way in innovation by introducing revolutionary and environmentally friendly products to the market. Moreover, the Company places emphasis on reliability and effective governance, characterized by transparent and auditable organizational management. It also prioritizes continuous communication with stakeholders to pinpoint key objectives and regularly assess the implementation of corporate governance practices.

3.2.1 Value Chain

The Company pays great attention to the management of the value chain pertaining to business operations and processes, which forms the pillars to the achievement of business goals. In this regard, management approaches are dedicated to various key aspects to ensure compliance and effectiveness as follow:

1.1.1 Continuous assessment of Market Requirements and Analysis to stay afloat of changing consumer preferences.

1.1.2 Research & Development

- Design preliminary formula, carry out laboratory tests and analyze test results
- Apply on-site testing in the production division
- Finalize formula and production procedures to ensure supply meets market needs

1.1.3 Procurement

- Procure raw materials in good quality and at efficient cost
- Scrutinize order and manage storage and distribution of raw materials to production lines

1.1.4 Manufacture

- Convert raw materials into products
- Produce quality outputs through eco-friendly production process by leveraging innovation, technology and know-how
- Enforce quality control

1.1.5 Marketing & Sales

- Advertising, branding activities, sales promotion, and provision of beauty advisors
- Pricing
- Distribution network expansion
- On-time delivery

1.1.6 Provision of after-sales service, consulting service, and know-how content and/or experience sharing

3.2.2 Analysis of Stakeholders in the Value Chain

Guidelines for Stakeholder Engagement and Material Concerns

The Company conducts its operations with careful consideration for all stakeholders within its value chain, taking into account both positive and negative impacts.

1. Each business unit is tasked with identifying and evaluating stakeholders associated with its operations, considering factors such as dependency, responsibility, and influence.
2. Assess the Company's economic, social, and environmental impacts on stakeholders at large.
3. Assess both positive and negative impacts on stakeholders that may affect the Company's finances, reputation, and compliance with laws and regulations.
4. Classify stakeholders based on the level of impact the Company has on them and their corresponding influence on the Company.
5. Develop appropriate engagement strategies for each stakeholder group to foster and maintain relationships, and manage their expectations through surveys, dialogue sessions, site visits, etc.

Stakeholder Engagement Framework

Stakeholders	Concern & Expectation	Method of Promoting Participation
Employees	<ul style="list-style-type: none"> – Workplace safety as per international standards – Environmental management according to international standards – Training for career development – Proper remuneration, welfare and career progression 	<ul style="list-style-type: none"> – Appointment of Safety, Health and Environment Committee and convene regular committee meetings to address potential or actual concern – Employee education on safety in the workplace and personal protective equipment usage through e-mail, website and notice boards on a regular basis – KPIS evaluation system – Employee engagement survey – Seminars and training related to duties and responsibilities in line with relevant standards; development of employees' special work skills – Employee feedback survey through annual employee dialogue program – Communication of "Corporate Strategy & Objectives" by Chief Executive Officer – Meeting with CEO
Community	<ul style="list-style-type: none"> – Environmental management in line with international standards, – Education and knowledge sharing as well as provision of site visits for students – Respect for human rights – Well-being of and economic distribution towards communities 	<ul style="list-style-type: none"> – Establishment of community engagement and development working group – Conduct of "Meet-and-talk" sessions with people living in the vicinity of the Company once a month – Sharing of annual environmental assessment results via notice board – Open House events – Whistleblowing channels
Customers	<ul style="list-style-type: none"> – Trust in brands – Perceived product value delivered to customers such as quality standards and usage value etc. – Delivery of service value to customers such as provision of call center and whistleblowing channels – Innovative product development that is eco-friendly and energy-saving 	<ul style="list-style-type: none"> – Communication through product catalog and labels – Public relations events, advertising, website publication and expert advice sharing – Promotion activities – Product usage training for customers – Call center and customer relations center – Satisfaction survey – Customer experience management – Market research

Stakeholders	Concern & Expectation	Method of Promoting Participation
Dealers	<ul style="list-style-type: none"> - Mutual growth in business through support, knowledge sharing and sales promotion - Value assurance in products and services such as warranty - Recognition and trust in brands - Comprehensive product offering 	<ul style="list-style-type: none"> - Building of customer satisfaction - Provision of whistleblowing channels - Provision of training organized between dealers and the Company's management - Setup of call center and customer relations center - Activities to build and maintain relationship and communication
Raw material suppliers	<ul style="list-style-type: none"> - Mutual growth in business - Selection and assessment of buyers with transparency, auditability and favorable business terms - Effective exchange of information, suggestion and recommendations, development of quality, safety, environment and CSR - Advance raw material requirement planning to ensure order fulfilment 	<ul style="list-style-type: none"> - Activities to build and maintain relationship and communication on a regular basis - Whistleblowing channels - Defined regulation and system for procurement, selection and assessment of raw material suppliers - Verification of procurement with transparency and auditability
Shareholders	<ul style="list-style-type: none"> - Qualifications of the Company's Board of Directors - Generation of sustainable and proper profit and growth - Output of balanced returns for all stakeholders - Conduct of business with transparency, adherence to code of conduct, corporate social responsibility and accountability towards annual financial statements and financial audit - Risk management and anti-corruption mechanisms - Continuous enhancements for operational excellence 	<ul style="list-style-type: none"> - Annual General Meeting of Shareholders, - Prompt updates on operational plans and performance - Regular communication through journals, e-mail and website etc. - Reporting on progress of business plan, definition of protective measures and solution planning for major problems encountered during operations - Publication of annual report and sustainability development report
State sector	<ul style="list-style-type: none"> - Compliance with applicable laws and relevant regulations - Collaboration with state sector to organize various activities - Promotion of social pillars such as education and opening opportunity for public university students to undertake internship etc. 	<ul style="list-style-type: none"> - Communication and coordination with state sector to acquire and exchange important information - Promotion and participation in activities organized and led by state sector on a regular basis - Timely submission of required report and relevant document - Collaboration with state sector for site visit, - Consistent communication through journals, e-mail, website and telephone - Whistleblowing channels

Stakeholders	Concern & Expectation	Method of Promoting Participation
Financial institutions	<ul style="list-style-type: none"> – Compliance with financial agreement and/or contractual terms – Collaboration in financial institutions' activities – Effective and efficient usage of banking services – Business growth and financial performance 	<ul style="list-style-type: none"> – Communication and exchange of information between the Company and financial institutions

3.3 Environmental Sustainability

3.3.1 Environmental Policy and Practices

The Company operates its business with corporate social responsibility and is committed to mitigating the environmental impacts occurring from its operations as well as designing a systematic environmental management to ensure effectiveness of such mitigations.

Creation of Green Culture

The Company strives to instill a culture of environmental consciousness throughout its organization and encourages proactive measures for environmental preservation. This includes adhering strictly to Green Culture standards and fostering employee engagement to minimize environmental harm and collectively foster a culture of sustainability.

Management Approach

Policy on Corporate Culture in relation to the Environment

The Company operates its decorative and non-decorative cosmetics business with a dual focus on economic progress and environmental preservation, aiming for sustainable development. To cultivate an environmentally conscious corporate culture among employees at all levels and stakeholders, including business partners, customers, and communities, the Company adheres to the following principles:

1. Assess and mitigate potential environmental impacts, ensuring transparency by disclosing significant impacts to the public.
2. Promote environmentally friendly initiatives to educate employees, encourage their participation, and raise awareness of environmental values.
3. Strictly adhere to all environmental protection laws and regulations, adopting global standards to minimize negative environmental impacts.

The Company prioritizes environmental stewardship and actively participates in initiatives such as the Green Industry project endorsed by the Ministry of Industry. These efforts are integrated into the corporate culture, with information disseminated throughout the organization to ensure that environmental considerations are embedded in every business unit's operation.

3.3.2 Environmental Outcome Management

1. Energy Management

Effective energy management is crucial for industries striving to balance supply and demand while mitigating fluctuations in production costs associated with energy consumption. Recognizing this challenge, the Company is committed to enhancing energy efficiency throughout its operations. Energy conservation practices are embedded across all departments, with executives and employees at every level sharing responsibility. Regular reviews of energy consumption management are conducted to maintain or enhance efficiency levels in alignment with the Company's business objectives.

Energy Policy

The Company acknowledges energy management as a fundamental responsibility for all levels of management and expects active participation from all employees in fostering sustainable energy practices. The corporate energy policy entails:

- Monitor and control electricity usage in office buildings to minimize total energy consumption and environmental impact.

Performance

In the previous year, the Company has continuously implemented energy conservation measures and engaged employees in energy management activities to promote energy awareness and conservation. In 2023, the total energy consumption was as follows:

(Unit : THB million)

Type	KMTH's Headquarter			Factory in Rayong Province			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Fuel cost	11.90	10.89	7.38	1.10	1.16	0.93	13.00	12.05	8.31
Electricity expense	6.23	5.39	4.37	2.63	2.28	1.76	8.86	7.67	6.13

2. Water Management

Water is a vital natural resource essential for sustaining human life. Ineffective water management not only results in water scarcity but also contributes to significant environmental issues. For instance, improper discharge of low-quality water can lead to conflicts with local communities and other water users. Such incidents not only impact on the Company's reputation but also have broader environmental consequences.

Management Approach

The Company places a high priority on efficient water management throughout its production, operational, and administrative processes. This encompasses every stage from sourcing water inputs to preserving the environment post-production. By strictly adhering to water management regulations, the Company considers the community impacts of water consumption and proactively manages the risk of water scarcity that could potentially disrupt operations. Key components of the water management procedures include:

1. Ensure efficient maintenance and availability of water supply system.
2. Install wastewater treatment systems to treat production-generated wastewater and return treated water to the environment.

Performance

(Unit : THB million)

Location	Water Bill		
	2023	2022	2021
KMTH's Headquarters	178,546.08	178,337.71	155,289.55
Factory in Rayong Province	185,680.00	122,794.00	105,200.00
Total	364,226.08	301,131.71	260,489.55

In 2023, the Company incurred a total expenditure of Baht 364,226.08 for water consumption, comprising Baht 178,546.08 for office water and Baht 185,680 for factory water. This reflects a 20.95% rise from the preceding year.

3. Waste Management and Pollution Control

Waste, in particular, hazardous waste is one of the key issues upon which the Company places great importance, as leakage caused by improper waste management can have a direct impact in terms of high disposal costs and damages to the Company's reputation. More importantly, improper management of hazardous waste can affect the health and safety of employees and surrounding communities.

Waste Management Policy

In alignment with its dedication to sustainable community and societal integration and the promotion of environmentally conscious business practices, the Company has implemented a waste management policy adhering to industry best practices for handling waste generated during the production process. In 2023, the Company disposed of 51,450 kilograms of waste, with a total value of Baht 20,440,302.66.

Management of Waste and Unused Materials

The Company's policies for handling and regulating waste from production processes or other activities adhere to principles of appropriateness, compliance with relevant laws, and safety in storage, transportation, and disposal. This ensures that the disposal of waste and surplus materials does not have a detrimental impact on the environment. Waste is categorized into 3 types—community waste, general waste, and chemical waste—each requiring specific management procedures. Licensed companies are responsible for the storage and proper disposal of such waste, and all business units are required to place waste in designated containers for orderly storage in designated areas.

Performance

The Company places paramount emphasis in maximizing the use of resources effectively and efficiently in accordance with environmental and waste management policies, selecting quality raw materials that produce less waste, checking and storing materials properly, as well as monitoring quality control and safety.

Green Culture Project

The Company acknowledges the paramount importance of environmental conservation and has embarked on the journey of the Green Culture Project as outlined by the Ministry of Industry. This initiative serves to continually improve operations while emphasizing social and environmental responsibility, both within and beyond the organizational scope, across the entire supply chain. It aims to foster sustainable development by fostering collaboration and commitment from all members of the organization to operate in an environmentally conscious manner across all facets of business operations, ultimately becoming ingrained in the organizational culture.

Performance

'Say No to Plastic Bags' Campaign

In an effort to raise awareness about plastic pollution and reduce environmental impact, the Company launched the "Say No to Plastic Bags" campaign. Since January 2023, the Company outlets have ceased distributing plastic bags, urging employees to use fabric bags instead, thus contributing to the reduction of plastic waste.

Reuse of double-sided papers

Employees have been encouraged to maximize paper efficiency by utilizing both sides, promoting resource conservation, and supporting afforestation efforts.

3.4 Social Sustainability

3.4.1 Social Sustainability Policy and Practices

The Company is committed to conducting its business with ethics and responsibility towards the society, developing better quality of life for employees, customers, business partners and stakeholders. The following are examples of corporate social responsibility projects on the Company embarked in the past financial year:

Employee and Labor Care

Recognizing that human resources are essential for driving business operations and improving organizational competitiveness, the Company prioritizes the establishment of robust human resource management systems. This includes aspects such as upholding human rights, effective employee recruitment, fostering satisfaction and motivation, conducting performance evaluations, and promoting employee engagement. These efforts serve as crucial pillars that propel the organization toward sustained success. Consequently, the Company places significant emphasis on caring for its employees and managing its workforce effectively.

Management Approach

1. Respect for Human Rights and Fair Treatment for Labor

The Company prioritizes basic human rights included in the code of conduct as follows:

- **Fair treatment based on rights and liberty:** personal data, such as profiles, health records, and work experiences, are safeguarded against unauthorized disclosure or transfer to unrelated parties.
- **Respect for humanity, equality and workforce diversity:** employees are entitled to equal treatment without discrimination based on physical attributes, race, nationality, religion, gender, age, education, or other factors. Fair treatment practices extend to all stakeholders associated with the organization. Additionally, the Company actively promotes gender diversity by providing equal opportunities for women to attain leadership or senior management roles, thereby fostering a diverse talent pool. In 2023, 62% of top management positions (vice president level and above) were held by women.
- **Employment opportunity for disabled persons:** The company complies with relevant laws, such as the Persons with Disabilities Empowerment Act, B.E. 2550 (2007), by actively integrating individuals with disabilities into its workforce. Applications for hiring persons with disabilities are facilitated through concessions, including providing opportunities for them to sell products or services.
- **Election of Employee Welfare Committee:** employees are encouraged to elect members of the Employee Welfare Committee, which oversees welfare initiatives, working conditions, whistleblower protection, and the prevention of labor abuses. The committee is tasked with defining preventive measures and monitoring their implementation to ensure fair and equal treatment for all employees in terms of health, welfare, compensation, and benefits. Presently, the Employee Welfare Committee is serving a two-year term from February 26, 2023, to February 25, 2025.

2. Recruitment

In its employment and recruitment practices, the Company places a strong emphasis on supporting its employees throughout the entire process. This begins with the recruitment of candidates possessing the appropriate knowledge and expertise in line with the Company's recruitment and employment policies. There is a firm commitment to enhancing the competency of employees to facilitate their career advancement alongside the sustainable growth of the business. To achieve this, the Company continuously optimizes its recruitment tools and technology to efficiently manage applicant data and address both internal and external recruitment needs promptly.

Moreover, the recruitment procedures are designed to be auditable and measurable. Selected candidates are expected to demonstrate superior performance compared to non-selected candidates, thereby fulfilling the Company's manpower requirements with individuals who possess the necessary qualifications and expertise outlined in the job descriptions. This approach ensures the continuity and growth of the Company's business operations.

The Company has developed a manpower plan tailored to its current business environment, with provisions for proactive adjustments to accommodate future changes. A comprehensive manpower database has been established to facilitate the matching of skill sets with job roles. Additionally, strategic plans are devised and vacancies are announced through various public channels, both domestically and internationally, to proactively attract potential candidates.

Furthermore, regular reviews of the recruitment and selection processes are conducted to evaluate their alignment with the defined objectives of manpower fulfillment.

3. Employee Satisfaction and Attraction

In order to align organizational objectives and goals with the support of top-tier employees, the Company has implemented various policies aimed at enhancing employee satisfaction and attraction. These policies provide opportunities for employees to demonstrate their capabilities and receive competitive rewards, while also outlining clear career paths. The key guidelines are as follows:

- Conduct benchmarking research on remuneration and welfare packages offered by peer companies to establish reference points for internal adjustments, ensuring that the Company's employment offerings remain competitive in the job market.
- Develop career path mapping frameworks that enable employees to assess their readiness for promotion and advancement within the organizational hierarchy, serving as benchmarks for high performance and professional development.
- Establish Key Performance Indicators (KPIs) aligned with the Company's overarching goals and strategies, promoting exceptional individual performance that is directly tied to the reward management system.
- Position and administer welfare and benefits packages offered by the Company to exceed legal requirements and be tailored appropriately to maintain competitiveness.

3.4.2 Performance

1. Employees and Labor Workforce

The Company upholds principles of human rights throughout the entire employee lifecycle, from recruitment to ongoing care, fostering a sense of unity and belonging within the organization. In 2023, the Company implemented several significant initiatives aimed at supporting its employees, including:

Opportunity for disabled persons

Per Section 33 of disability empowerment regulations, employers are mandated to offer suitable employment opportunities and ensure access to facilities for individuals with disabilities. In 2023, the Company hired a total of 9 individuals with disabilities, providing them with opportunities for career growth and comprehensive support for their overall well-being.

Detail	Numbers of Employees 2023 (Person)		
	Male	Female	Total
Employees	242	649	891
Employees with disabilities	4	3	9
Total	248	654	900

Recognition of long-service

In 2023, the Company granted long-service awards to 21 employees to recognize their long periods of contribution and also express gratitude while encouraging them to continue dedicating themselves towards value creation for the Company. This made the employees proud of themselves and motivated them towards greater contributions in the future.

Relief for employees suffering from Covid-19

The Company continues to implement measures to prevent the spread of the Covid-19 virus, ensuring the safety of employees. These measures include regular cleaning of various areas within the Company premises every week, continuous provision of alcohol gel at different points, and enforcement of social distancing measures such as in common areas and time recording points. Additionally, the Company has arranged shuttle services for employees' convenience, ensuring that the vehicles are cleaned and equipped with alcohol gel.

Employee Training and Development

In the year 2023, the Company provided training opportunities for employees to enhance their skills and capabilities. The average training hours and knowledge development for employees amounted to 6 hours per person per year.

Workplace Safety, Occupational Health, and Environment

In 2023, 3 cases of work-related injuries led to work stoppage.

2. Social Responsibility

Throughout its business operations up to the year 2023, the Company has maintained a steadfast commitment to its social responsibilities, driving Corporate Social Responsibility (CSR) initiatives with innovative zeal. These endeavors aim to contribute to the progress of Thai society and foster enduring benefits for communities. Internally coordinated and inclusive of collaboration with business partners, stakeholders, and interested individuals, these efforts serve as a pivotal mechanism to propel various community assistance activities, school initiatives, and support for various foundations. This is achieved through the provision of essential items such as hand sanitizer gel and computers.



1. Donation of snacks, beverages, and hand sanitizer gel on Children's Day 2023.
Location: Laeead Upatham School, Don Phutsa, Don Tum, Nakhon Pathom, 73150



2. Donation of computers and equipment to Krajoek Ngao Foundation under the "Computers for Kids" project, which are subsequently redistributed to schools and communities in need.
Location: Karmarts Public Company Limited's Headquarters



3. Donation of hand sanitizer gel under the "Isuzu Water...for Life" project.
Location: Sribanpot Kindergarten, No. 202, Moo 1, Khao Ya, Sribanpot, Phatthalung, 93190

3.5 Others

3.5.1 Fair Business Conduct

The Company upholds fairness and responsibility towards all stakeholders as outlined in its corporate governance and code of conduct handbook. These stakeholders encompass shareholders, employees, customers, business partners, contractual parties, as well as communities, society, and the environment. The handbook also upholds principles of free and fair competition, prevention of conflicts of interest, protection of intellectual property, and anti-corruption measures. Key policies are outlined as follows:

1. Corporate governance

The Company operates with fairness, honesty, and transparency, disclosing material information to ensure accountability and auditability. The Board of Directors has established corporate governance guidelines for adherence by directors, management, and employees.

2. Corporate social responsibility

Guided by ethical principles, the Company ensures fairness among stakeholders through its corporate social responsibility policy. These principles align with the tenets of good corporate governance, aiming to balance performance across economic, community, societal, and environmental aspects for sustainable business success.

3. Compliance with applicable laws, rules and regulations

Recognizing the importance of legal compliance, the Company adheres to environmental, occupational health and safety laws at local, regional, and national levels, along with international standards. Directors, management, and employees are obligated to comply with applicable laws and avoid any involvement in unlawful activities.

4. Supervision of compliance with intellectual property laws

The Company prohibits misconduct violations of intellectual property rights and mandates compliance with related laws and regulations by directors, management, and employees.

5. Promotion on efficiency of resource utilization

The Company encourages appropriate, efficient, and sustainable resource utilization among directors, management, and employees for maximal benefit to all stakeholders and the society at large. Regular communication and education initiatives are undertaken to promote responsible resource use and ensure awareness among stakeholders for effective resource management.

3.5.2 Anti-Corruption

The Company's Board of Directors is responsible for overseeing the formulation of anti-corruption policies and procedures, including mechanisms for complaints and whistleblowing, investigation protocols for misconduct and corruption, and protection of the confidentiality and rights of complainants and whistleblowers. The following guidelines are established:

1. Cultivate a culture of legal compliance, honesty, and integrity among employees, ensuring adherence to laws and regulations.

2. Implement an efficient internal control system with checks and balances to prevent employee involvement in corruption or misconduct.

3. Prohibit directors, executives, and employees from soliciting or accepting any form of benefit, either for themselves or others, to induce or condone actions that are unjust or could cause harm.

4. Restrict directors, executives, and employees from offering or providing any form of benefit to external parties to motivate them to engage in unlawful activities or neglect their duties.

5. Establish transparent and accurate mechanisms for reporting financial status.

6. Provide accessible communication channels for employees and stakeholders to report complaints or whistleblowing instances of illegal actions, corruption, or misconduct within the Company, as well as behaviors that could pose risk or harm to the Company

4. FINANCIAL AND OPERATING RESULTS ANALYSIS (MD&A)

4.1. Operating Results for the year ending December 31, 2023

1.1 Total revenues

During 2023, the Company had total revenues of Baht 2,455 million which consisted of;

- Baht 2,397 million on Sales which increased by Baht 558 million or 30.34% from the previous year. The comprises of Baht 325 million on body care products, Baht 526 million on facial skin care products, Baht 1,412 million on cosmetics, Baht 26 million on accessories, Baht 98 million on furniture, marketing tools and other, Baht 10 million on supplementarie.
- Income from warehouse rental and warehouse services amounted to Baht 26 million increased from the last year. By Baht 1 million or 4% due to the adjustment of the area and the new rate.
- Other income reached Baht 32 million, marking an increase from the previous year's figure of Baht 21 million or 190.91%. This increase is attributed to various factors, including the Company selling investments in equity instruments for a profit of Baht 7 million, reversing the allowance for diminution in investment value of Baht 4 million, foreign exchange gain of Baht 5 million, and other income of Baht 5 million.
- Gain on the change in fair value of investments in equity instruments stood at Baht 85 million, marking a significant increase of Baht 85 million or 100%
- Gain on change in fair value of investment properties Baht 5.14 million indicating a decrease from the previous year's figure of Baht 30.06 million. This decline is attributed to the Company entering into a new lease agreement in 2022 and evaluating the price using the income approach, resulting in a profit from changes in the fair value of investment properties of Baht 35.20 million.
- The Company's share of gains from investments in joint ventures and associates amounted to Baht 50.32 million, reflecting an increase from the previous year's Baht 49.22 million due to improved performance in joint ventures and associates, along with gains from changes in the fair value of investment properties.
- Finance income increased to Baht 7.49 million from the previous year's Baht 7.11 million. This increase can be attributed to the Company's heightened cash reserves resulting from capital increases, leading to higher interest income.

1.2 Cost of sales, Selling and administrative Expenses

During the year 2023, The Total Expenses was Baht 1,779 million which comprises of;

- Cost of sales amounted to Baht 1,149 million which increased from the previous year by Baht 195 million or 20.44%. The cost of sales is directly proportional to the Sales Revenue. The gross profit margin was 52.07% which was similar to the previous year.
- Cost of warehouse rentals and warehouse services were Baht 0.12 million.
- Selling and administrative expenses totaled of Baht 631 million which increased from the previous year by Baht 100 million or 18.83% which consisted of the selling expenses increased by Baht 75 million in response to the market conditions. The administration expenses increased by Baht 25 million. Because expenses under the contract by Baht 25 million.
- Finance cost of the Company on the interest expenses totaled of Baht 16 million increased from the previous year Baht 1 million.
- Income tax expenses of Baht 145 million increased from the previous year by Baht 60 million or 70.59%, attributable to the Company's improved operating results.

1.3 Profit

During the year 2023, the Company had by Baht 661 million or 27.58% net profit of sales which increased from the previous year by Baht 334 million or 102.14%. In 2023, the Company has sale increased by Baht 558 million, but the selling expenses increased by Baht 75 million in response to the market conditions. administrative expenses increased from the previous year by Baht 25 million due to costs of joint operations of Baht 25 million. Finance cost increased from the last year by Baht 7 million, reaching a total of Baht 16 million.

Gain on the change in fair value of investments in equity instruments stood at Baht 85 million and share of profit from investments in joint ventures Baht 50 million.

1.4 Rate of Return on Equity

The business operation profit during the year 2023 resulted in the rate of return on equity at 29.10% in the previous year 26.62% during the year 2023, the Company had increased profit from operating activities.

2. Financial Status as at December 31, 2023.

1. Assets

1.1 Composition of Assets

The total assets at the year-end 2023 was Baht 4,250 million which increased from the previous year by Baht 2,127 million or 100.19%.

1.1.1 Current assets amounted to Baht 2,852 million, increased by Baht 1,897 million or 198.64% from the previous year. The details are as follows;

- Cash and cash equivalents of Baht 842 million which increased from the previous year by Baht 814 million because Net cash from operating activities Baht 497 million, net cash used in investing activities Baht 939 million and net cash used in financing activities Baht 1,256 million.
- Trade accounts receivable and other account receivable at Baht 517 million, increased from the previous year by Baht 105 million or 25.49% as the Company had increased the sales.
- Current portion of finance lease receivables and finance lease receivables — net of current portion Baht 7 million decreased from the previous year Baht 4 million 36.36% because of the company continues to receive payments.
- Short — term loans to related party of Baht 19 million, increased from the previous year Baht 19 million or 100%
- Inventory of Baht 581 million which comprises on consumer products and raw material which increased from the previous year by Baht 121 million or 26.30%
- Other current financial assets of Baht 814 million, increased from the previous year Baht 814 million.
- Other current assets of Baht 75 million, increased from the previous year Baht 24 million of 47.06%.

1.1.2 Non-current asset amounted to Baht 1,398 million which increased by Baht 230 million or 19.69% from the previous year as follows;

- Other non-current financial assets of Baht 124 million increased from the previous year Baht 124 million or 100%
- Investments in joint ventures of Baht 11 million increased from the previous year Baht 8 million or 266.67% because the Company reversing the allowance for impairment of investment of Baht 3 million and investing an additional Baht 5 million.
- Investment in the associate of Baht 225 million, increased from the previous year Baht 46 million or 25.70% because the Company share of gain from investments in associate.
- Investment Properties was at Baht 475 million, increased from the previous year by Baht 21 million or 4.63% because the investment properties of the Company represent land and building used for providing warehouse service. Their fair value has been determined based on the valuations performed by an accredited independent valuer, using the income approach and the market approach and the subsidiary transfers in investment properties by Baht 15 million and the subsidiary company purchased.
- Property, Plant and Equipment — net amounted to Baht 485 million with an increase from the previous year by Baht 5 million or 1.04% because the Company bought machinery and equipment, motor vehicles, office furniture, fixtures and equipment, assets under installation and construction in progress to Baht 43 million and depreciation for the year by Baht 38 million.

- Land awaiting for future development Baht — million decreased from the previous year amounting to Baht 8.28 million or 100%. The Company has placed land with as collateral for short-term and long-term credit facilities granted by commercial banks and transferred to investment property.
- Right — of — use assets Baht 56 million include land Baht 0.34 million building Baht 40 million motor vehicles Baht 16 million increased from the previous year by Baht 31 million because of entering into building and vehicles lease agreement of Baht 50 million and depreciation for the year 2023 of Baht 19 million.
- Intangible assets — net at Baht 1 million increased from the previous year by Baht 0.60 million amortization during the year.
- Other Non-current assets was Baht 17 million increased from the previous year by Baht 6 million.

1.2 Quality of Assets

In 2023 trade and other receivables Baht 517 million or 12.17% of total assets. Account receivable average collection period was 72 days, decrease from the previous year 3 days. (75 days in 2022) due to the fact that the cash sales for consumer goods had decreased, and instead increased on traditional trade channels credit sales with 30 — 120 days term of payment.

An adequate reserve was set according to the prediction of non-collectable debt. The reserve for the year 2023 non-collectible debt was budgeted at 1.88% of the outstanding account receivable at the year-end.

Inventories Baht 581 million or 13.67% of total assets. Average inventory turnover of 101 days increased from the previous year 9 days (92 days in 2022).

Investment properties Baht 475 million or 11.18% of total assets by an accredited independent valuer, using the income approach and market approach for land. Key assumptions used in the valuation include discount rate, yield rate and long-term growth in rental rate.

Cash and equivalents Baht 842 million or 19.82% of total assets.

2. Liquidity

2.1 Cash flows

In 2023, the Company's net cash flows cash and cash equivalents was Baht 842 million, compared to 2022 which was Baht 28 million, increased by Baht 814 million net cash from operating activities Baht 497 million, net cash used in investing activities Baht 939 million as the Company purchase of land equipment and intangible assets and acquisition of investment is in a joint venture, acquisitions of investments in fixed deposits, acquisition of investment in equity instruments, net cash used in financing activities Baht 1,256 million because the Company receives cash from capital increases and dividend paid short — term loans from related party.

2.2 Liquidity Ratios

Current ratio (current asset/current liabilities) in 2023 was 3.45:1 the Company's current assets can be easily cashed in a short period of time such as short-term cash or cash equivalents 19.82%, account receivables 12.17%, inventories 13.67% of total assets.

The company average debt collection period was between 72 days. Average inventory turnover of 101 days as same as the previous year. This stability is attributed to the higher turnover of karmarts product.

2.3 Collection and Payment Periods

Average debt collection period was 72 days while average account payment period was 179 days. This is because the Company at present has selected the payment option by issuing the letter of credit through the commercial banking and prolonging the credit term around 120 — 180 days through the bank's granted Trust Receipt.

3. Investment Expenditure

During the year, the Company had in capital expenditures was mainly from the assets under installation land and construction in progress, building machine and equipment at Baht 43 million for supporting the business growth.

4. Sources of funds

4.1 Capital Structure

In 2023, debt/equity ratio was 0.29:1. The company had total liabilities Baht 945 million increased from the previous year Baht 187 million or 24.67% equity attributable to owners of the company Baht 3,240 million increased from the previous Baht 1,937 million or 148.66% because the Company issues additional common shares.

4.2 Shareholders' Equity

In 2023, shareholders' equity increased by Baht 1,937 million to Baht 3,240 million from the operating profit during the year of Baht 661 million while the Company issues additional common share Baht 1,595 million and dividend payment was Baht 319 million.

4.3 Liabilities

The Company's total liabilities was Baht 945 million, increased by Baht 187 million or 24.67% from the previous year.

Current Liabilities was Baht 827 million, increased by Baht 148 million or 21.80% from the previous year. The Details are as follows:

- Short-term loan from financial institutions was Baht 373 million, increased by Baht 25 million from the Company's promissory notes decreased from the previous year Baht 84 million interest rate 7.10 short – term loans from financial institutions increased from the previous year Baht 109 million interest rate 3.30 – 7.10.
- Trade and other payables of Baht 309 million, increased by Baht 103 million.
- Short-term loan from related party amounted Baht 16 million decreased from the previous year by Baht 6 million or 27.27% because of the company repayment continuously.
- Current portion of Liabilities under financial lease agreements due within 1 year and Liabilities under financial lease agreements – net of current portion was Baht 57 million which increased by Baht 29 million or 103.57% due to entering into building and vehicle lease agreement in 2023.
- Income Tax Payable at Baht 68 million, increased from the previous year of Baht 21 million due to the Company's increase in net profit.
- Other Current Liabilities was Baht 42 million decreased from the previous year of Baht 2 million or 4.76%.

Non-current liabilities was Baht 118 million, decreased by Baht 39 million or 49.37% from the previous year, The Details are as follows

- Provision had been made for long-term employee benefits of Baht 23 million, which increased from the previous year of Baht 3 million due to employee benefit according to TAS19 assessed by the actuary.
- Deferred Tax Liabilities at Baht 57 million, increased by Baht 15 million or 35.71% from surplus in fair value of investment properties by Baht 1 million and other current financial assets (gain on change in fair value of investments in equity instrument) Baht 17 million.

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

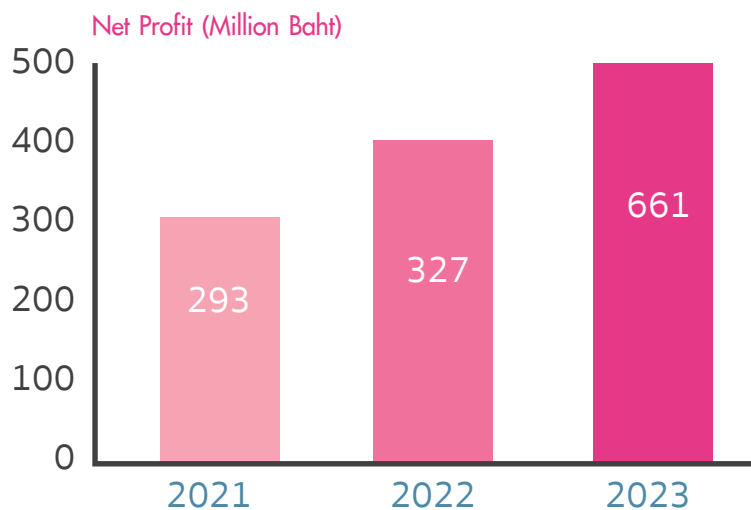
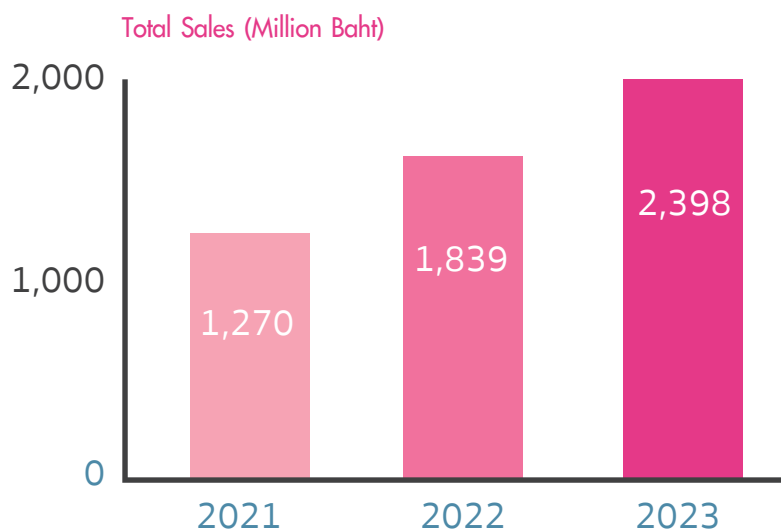
The Executive Committee set up annual business plan and strategic actions to achieve its annual goals. These ensure that the Company is able to adjust its management style in a flexible manner to cope with significant factors which may affect the Company as listed below.

Main Factors	Action Plan
<ol style="list-style-type: none"> 1. Sufficient procurement of products and changes in product trend and fashion 2. Human Resources Development 3. The Price of products and Wages 4. Financial Assistant to Associated or Subsidiary companies and Contingent Liabilities in the future. 	<ol style="list-style-type: none"> 1. The Company is capable of product adjustment to cope with the changing trend of product popularity and its procurement system can manage inventory level to service the changing demand and changing trend and fashion. 2. The Company supports Human Resources Development by providing adequate both internal and external training to increase employee skills and proficiency. 3. The company has procurement and purchasing units that source raw materials and finished products from high-quality suppliers at competitive prices in a market with high volatility. Additionally, it contracts services tailored to the organization to achieve low selling costs while maintaining high product quality. 4. In case of rendering financial assistant to the Associated or Subsidiary company, the Company completely and transparently follows the rules and regulations of SET and able to be audited. The independent directors are to review and monitor the Company's operations closely, for the most benefit of investors and stakeholders.

4.3 Summary on Statement of Financial Position of the Company and Financial Ratio

1. Summary on Statement of Financial Position of the Company

FINANCIAL POSITION AND OPERATIONAL PERFORMANCE / YEAR	CONSOLIDATED			SEPARATE		
	2023	2022	2021	2023	2022	2021
FINANCIAL POSITION (THOUSAND BAHT)						
TOTAL ASSETS	4,249,919	2,122,719	1,714,830	4,020,928	1,938,257	1,568,173
TOTAL LIABILITIES	945,469	757,923	553,671	950,705	748,485	527,852
SHAREHOLDERS' EQUITY	3,304,450	1,364,796	1,161,158	3,070,223	1,189,772	1,040,320
OPERATING RESULTS (THOUSAND BAHT)						
TOTAL REVENUE	2,455,499	1,875,156	1,503,236	2,567,322	1,964,992	1,579,734
TOTAL SALES	2,397,526	1,838,768	1,269,897	2,510,721	1,925,475	1,323,844
GROSS MARGIN	1,248,840	884,324	596,979	1,223,052	867,311	584,980
NET PROFIT	660,968	327,000	292,872	604,431	327,907	313,745



2. Financial Ratio

LIQUIDITY RATIO	Consolidated Financial Statements			Separate Financial Statements		
	2023	2022	2021	2023	2022	2021
Current Ration (Times)	3.45	1.41	1.73	3.46	1.45	1.84
Quick Ration (Times)	1.67	0.66	0.96	1.69	0.68	1.03
Operating Cash Flows Ration (Times)	0.66	0.35	0.93	0.65	0.35	0.92
Account Receivable Turnover (Times)	5.02	4.82	3.75	5.06	4.92	3.82
Average Collection Period (Day)	72	75	96	71	73	94
Inventory Turnover (Times)	3.56	3.92	3.12	3.99	4.35	3.42
Average Sales Period (Day)	101	92	115	90	83	105
Account Payable Turnover (Times)	2.01	2.56	2.34	2.19	2.80	2.50
Average Payment Period (Day)	179	141	154	164	129	144
Cash Cycle (Day)	(6)	26	58	(3)	28	57

Profitability Ratio	Consolidated Financial Statements			Separate Financial Statements		
	2023	2022	2021	2023	2022	2021
Gross Profit Margin (%)	52.09	48.09	47.01	48.71	45.04	44.19
Operating Profit (Loss) Margin (%)	27.57	17.78	23.06	24.07	17.03	23.70
Other Profit (Loss) Margin (%)	2.19	7.58	10.95	3.46	6.97	8.90
Cash to Net Profit Ratio (%)	75.15	63.54	147.86	81.28	60.72	134.50
Net Profit (Loss) Margin (%)	26.92	17.12	19.48	23.54	16.39	19.86
Return On Equity – ROE (%)	29.10	26.62	27.21	28.38	29.41	32.94

Efficiency Ratio	Consolidated Financial Statements			Separate Financial Statements		
	2023	2022	2021	2023	2022	2021
Return On Assets (ROA) (%)	20.74	17.04	18.10	20.29	18.70	21.22
Return On Fixed Assets (%)	73.54	46.36	54.23	100.30	60.61	61.20
Total Asset Turnover (Times)	0.77	1.00	0.93	0.86	1.14	1.07

Financial Policy Ratio	Consolidated Financial Statements			Separate Financial Statements		
	2023	2022	2021	2023	2022	2021
Debt to Equity Ratio (D/E Ratio) (Times)	0.29	0.58	0.48	0.31	0.63	0.51
Dividend Pay-Out Ratio (%)	48.26	64.59	48.07	52.78	64.41	44.88

5. GENERAL INFORMATION AND OTHER MATERIAL FACTS

5.1 General Information

Name	Karmarts Public Company Limited
Head office	81-81/1 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasi Charoen, Bangkok 10160 Tel. 0-2805-2756-60 Fax 0-2805-2751-2
Factory and Warehouse	140 – 140/1 Moo 4 Mapyangporn, Plugdang, Rayong 21140 Tel. 038-891-811-15 Fax. 038-891-821-22
Type of Business	Distribution of consumer products and provision of warehouse rental and warehouse services.
Registered capital	659,999,997.60 Baht
Issued and Paid up	659,999,997.60 Baht
Registration No.	0107537000823 (Old No. Plc. 329)
Corporate Website	www.karmarts.co.th
E-commerce Website	www.karmarts.com
Regulator	The Securities and Exchange Commission 333/3 Vibhavadi Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Tel. 02-695-9999 Fax 02-695-9660
Regulator	The Stock Exchange of Thailand 93 The Stock Exchange of Thailand Building, Rachadapisek Road, Dindaeng, Bangkok 10400 Tel. 02-009-9726-50 Fax 02-009-9807-8
Securities Registration	Thailand Security Depository Company Limited 93 The Stock Exchange of Thailand Building, Rachadapisek Road, Dindaeng, Bangkok 10400 Tel. 02-009-9000 Fax 02-009-9991
Auditors	Mr. Chayapol Suppasdtanon Certified Public Accountant No. 3972 EY Office Limited 33rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110

5.2 Litigation

In 2017, Microsoft Corporation, along with three co-plaintiffs, initiated a lawsuit against Karmarts Public Company Limited and one of its executives for software copyright infringement in The Central Intellectual Property and International Trade Court.

On February 12, 2018, The Central Intellectual Property and International Trade Court issued a verdict, directing the Company and its executive to compensate Microsoft Corporation and the co-plaintiffs with Baht 1,688,000 in damages, along with 7.5 percent interest per annum calculated from August 21, 2015, to February 21, 2018. The total damages amounted to Baht 2,134,046.44.

Subsequently, on May 24, 2018, the Company filed an appeal with the Court of Appeal. On March 25, 2019, the Court of Appeal for Specialized Cases rendered a judgment, requiring the Company to pay damages totaling Baht 16.74 million.

On August 16, 2019, the Company lodged an additional appeal with the Supreme Court. However, the Supreme Court dismissed the Company's request for review. Consequently, the Company was obligated to remunerate Microsoft Corporation, inclusive of interest, with a final sum of Baht 19.79 million as per the ruling of the Court of Appeal for Specialized Cases.

On August 21, 2022, a warehousing and logistics management service provider initiated legal proceedings against the Company in the Civil Court, seeking compensation totaling Baht 43.36 million. This claim pertained to the Company's alleged failure to settle warehouse service payments for the period spanning from April 2021 to September 2021. As well as damages resulting from the purportedly unlawful termination of their agreement. Subsequently, on August 31, 2022, the Company submitted a testimony and counterclaim, contesting the allegations and demanding compensation amounting to Baht 30.61 million, asserting that no breach of the agreement occurred. Presently, mediation proceedings for the lawsuit are being arranged. Management maintains the view that the Company is unlikely to incur significant damages. Consequently, no additional provision for contingent liabilities arising from this legal dispute has been recorded, except for the previously accounted service fee of Baht 2.3 million in 2021.

On December 25, 2023, the Lower Court ordered the Company to pay service fees, penalties, and damages totaling Baht 19.9 million. Currently, the case is under appeal. The Company's management anticipates that the Company will be liable for some portion of the service fees and damages and has consequently recorded an estimated liability from the lawsuit in 2023 amounting to Baht 7.6 million. This is in addition to the service fees previously recorded in 2022 which totaled Baht 2.3 million.

5.3 Secondary Market —None—

5.4 Regularly Contacted Financial Institutions —None—

PART 2

CORPORATE GOVERNANCE





Part 2 CORPORATE GOVERNANCE

6. Corporate Governance policy

6.1 Good Corporate Governance Policies

1. Report on Good Corporate Governance

The Board of Directors acknowledges the significance of adhering to Good Corporate Governance principles, placing them in high priority within the Company and all level of management. They have formulated a comprehensive framework of policies, guidelines, and principles to foster transparency and bolster competitiveness. These measures aim to instill confidence among shareholders, investors, and other stakeholders. Key focus areas include:

- Equal and fair treatment of all shareholders and stakeholders
- Forward-thinking pledge to enhance the Company's long-term operational value through prudent, comprehensive management, and responsible, competent execution. This aims to maximize shareholder value while mitigating conflicts of interest
- Promoting transparency and accountability in operations, coupled with thorough disclosure of information to all pertinent stakeholders
- Risk anticipation and evaluation in all business aspects and implementation of appropriate risk management strategies
- Establishment of moral and ethical standards for Company's management team and staff to conform

2. Shareholders Rights

The Company places a strong emphasis on upholding shareholders' rights as outlined in the Company's Articles of Association. These rights encompass access to company information, voting rights, fair treatment, and facilitation during shareholders' meetings.

3. Stakeholders Rights

Similarly, the rights of all stakeholder groups are given significant importance, including the timely and reliable disclosure of information and fair treatment without exploitation of counterparties, related parties, or employees.

4. Shareholders' Meetings

Conducting Shareholders' Meetings in accordance with the Company's Articles of Association is also a high priority. The Company has established clear guidelines for organizing these meetings, ensuring equitable access to news and information for all shareholders

5. Leadership and Vision

The Board of Directors is responsible for setting the Company's vision, obligations, goals, business plans, and budget considerations. They oversee the management team to ensure efficient and effective operations within budget constraints. Additionally, the Board has implemented an Internal Audit and Control System, risk management measures, and monitoring mechanisms to ensure operational consistency.

6. Conflict of Interests

To prevent conflicts of interest, ethical guidelines have been established for Directors' strict adherence. Directors are expected to perform their duties while avoiding conflicts between personal and company interests to maximize management efficiency. An Audit Committee has also been appointed to scrutinize directorial actions and report any potential conflicts of interest.

7. Business Ethics

Moral and ethical principles have been established and disseminated to all executive directors and staff to promote ethical behavior and ensure satisfactory internal audit and control procedures.

8. Checks and Balance of Non-Management Board Members

The Company's Board of Directors consists of 10 members as follows;

- Directors who are also management members 3 persons
- Independent Directors who also serve in Audit Committee 7 person

9. Aggregation or Segregation of Positions

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

Managing Director has the sole right to manage and supervise the operation of the Company, as appointed and under supervision from the Board of Directors.

10. Remuneration of Board Members and Executives

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

Remuneration of Board Members and Executives is set in accordance with the policy established by the Management Team with regards to overall operating results and every member's individual performance

11. Board of Directors' Meeting

The Board convenes quarterly meetings as well as ad-hoc sessions with predefined agendas to consistently review the implementation and performance of company operations. Prior to scheduled meetings, the Board Secretary sends meeting invitations along with agendas and relevant documents to Directors to provide ample time for preparation. Each meeting typically lasts for three hours. In 2023, the Board conducted a total of six meetings.

12. Subcommittees

The Company's Board of Directors appoints subcommittees to supervise company business as follows.

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

Throughout 2023, the Audit Committee held 8 meetings in total and responsibly reported to the Board of Directors all outputs of meetings.

Investment Committee: On November 13, 2023, following the resolution passed during the 6/2023 Board of Directors meeting, the Company appointed six members to compose the Investment Committee. These members include Mr. Wiwat Theekhakhirikul, the Chairman of Investment Committee, Mr. Wongwiwat Theekhakhirikul, Mrs. Tussanee Auncharoen, Ms. Eiko Shirai, Mr. Takeuchi Kazuhiro, and Mr. Chavapas Ongmahutmongkol, a secretary of Investment Committee.

13. Internal Audit and Control Systems

The Company has established a robust internal audit and control mechanism to oversee operations at all levels, including supervisory, managerial, and executive staff.

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

The Company has set up an Internal Audit Team tasked with examining financial, managerial, operational, and information systems. This is to ensure compliance with relevant laws and company regulations. To further enhance the effectiveness of internal audit activities, the Board of Directors has empowered the Internal Audit Team to report directly to the Audit Committee on inspection findings and receive performance evaluations from the committee.

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

The responsibility for preparing financial statements and the information included in the Annual Report lies with the Board of Directors. All financial statements released adhere to accepted accounting principles in Thailand. These statements are prepared using transparent accounting procedures, aiming to provide adequate information in the Notes to the financial statements. The Board of Directors acknowledges the significance of having accurate and comprehensive accounting data to ensure that the Company's financial system operates in accordance with good corporate governance principles, thereby mitigating the risk of adverse outcomes such as unlawful activities or substantial errors.

To achieve these goals, the Board of Directors appointed the Audit Committee, consisting of non-managing directors, to oversee the disclosure of significant information and financial statements along with qualified auditor. In closing, the Audit Committee is of the opinion that the Company's internal controls are adequate to deliver confidence and accountability for both internal and external parties.

15. Investor Relations

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

6.2 Assessment of Internal Information

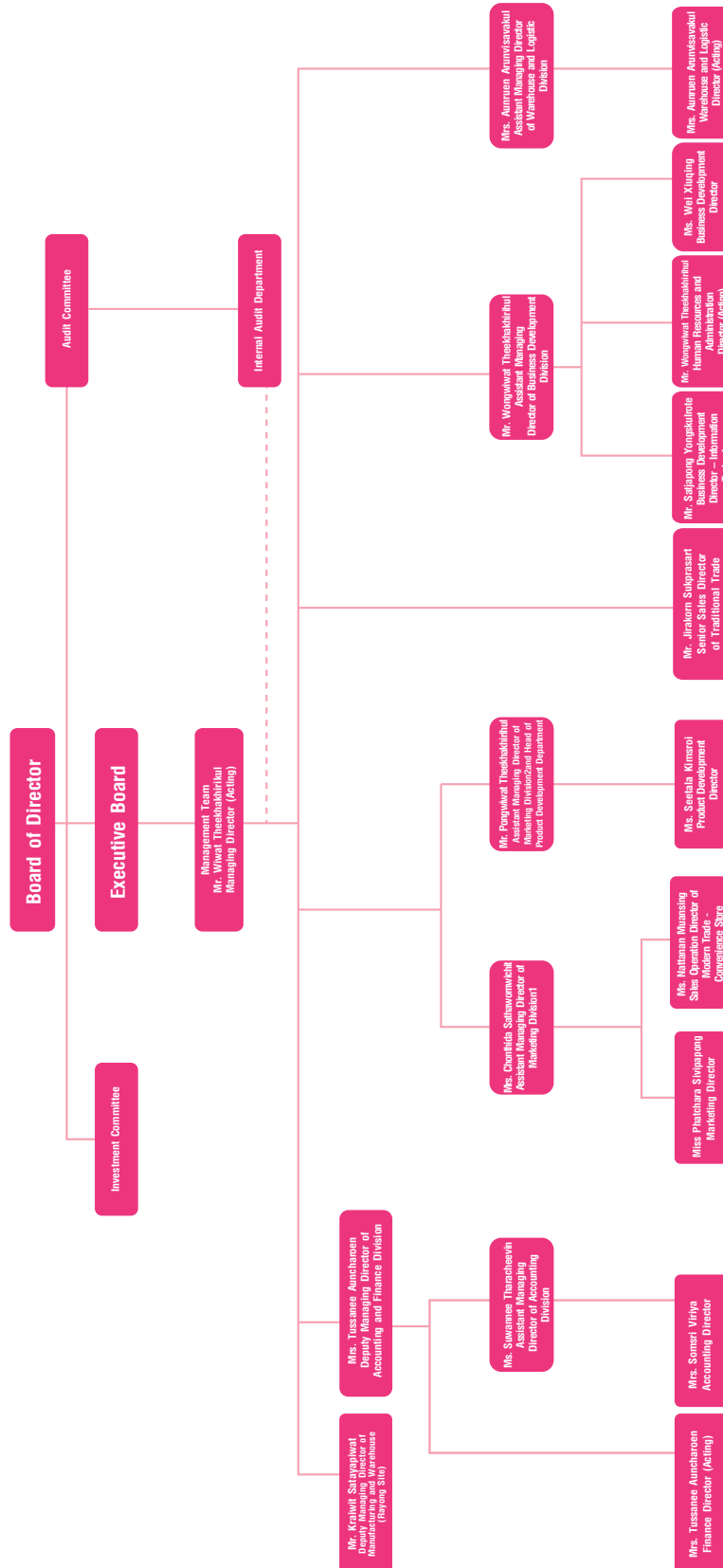
The Company holds the conviction that all Board members and management executives adhere to robust ethical standards and refrain from exploiting internal and proprietary information for personal gain. Recognizing the inadequacy of penalties as a sole control mechanism, as they predominantly address post-event actions passively, the Company has yet to formulate a written policy on this matter.

Nonetheless, the Company prioritizes the monitoring and safeguarding of internal information access and usage. It mandates that only authorized individuals or senior executives may access internal information with shareholder approval and within specific constraints. Moreover, the Company designates either the Public Relations Office or senior management as the exclusive entities authorized to disseminate information to the public.

7. Corporate Governance Structure and important Information about Directors, Sub-committees, Executives, Employees and Others

7.1 Corporate Governance Structure

As of December 31, 2023, the Company's management structure comprises the Board of Directors, Audit Committee, Executives, and Investment Committee. (The Company does not have subsidiary Boards of Directors.)



7.2 Information on Directors

7.2.1 Composition of the Board of Directors

The Board of Directors as at December 31, 2023 consists of 10 members as follows:

- Chairman: 1 person (also Acting Managing Director)
- Non – Executive Directors: 4 persons
- Audit Directors: 3 persons
- Executive Directors: 3 persons

Ratio of Types of Directors

	Number (Person)	Proportion (%)
Executive Directors	3	30
Non – Executive Directors	4	40
Independent Directors	3	30
Total	10	100

7.2.2 Information on the Board and Authorized Directors

No.	Name	Position	Date of Appointment
1	Mr. Wiwat Theekhakhirikul *	Chairman of the Board, Chief Executive Officer, Investment Committee Member, and Managing Director (Acting)	April 22, 2021 (Agenda 5)
2	Lt.Gen. Kobboon Vichit	Independent Director and Chairman of the Audit Committee	April 24, 2023 (Agenda 6)
3	Mr. Kraiwit Satayapiwat *	Director	April 22, 2021 (Agenda 5)
4	Mr. Prasit Dheeraratbongkot	Independent Director and Audit Committee	April 25, 2022 (Agenda 5)
5	Puttithorn Jirayus, Ph.D	Independent Director and Audit Committee	April 25, 2022 (Agenda 5)
6	Mr. Parit Theekhakhirikul	Director	April 25, 2022 (Agenda 5)
7	Mr. Wongwiwat Theekhakhirikul *	Director and Investment Committee Member	April 24, 2023 (Agenda 6)
8	Mr. Seah Sin Loo	Director	April 24, 2023 (Agenda 6)
9	Mr. Kattanant Yaphanich	Director	April 22, 2021 (Agenda 5) (Resigned on August 10, 2023)
10	Ms. Eiko Shirai	Director and Investment Committee Member	August 11, 2023 (Assumed the position of Mr. Kattanant Yaphanich)
11	Mr. Chavapas Ongmahutmongkol	Director, Independent Director (Acting) and Investment Committee Member	August 11, 2023

Remark: *Refers to authorized signatory director/s as reflected in Company's Affidavit

7.2.3 Authorities, Duties and Responsibilities of the Board

Board of Directors – Roles and Responsibilities

The Board of Directors, consisting of 10 members, is responsible for overseeing the management division's operations to ensure adherence to Laws and Regulations, the Company's objectives, and Articles of Associations, as well as shareholder resolutions. Additionally, it ensures that all activities conducted by the management division uphold integrity, honesty, and are at the best interests of the Company.

Authorized Directors

As stated in the Company's certificate, signatures from two out of three authorized directors jointly presented and affixed with company seal shall legally represent the Company. The authorized signatories are as follow: 1.) Mr. Wiwat Theekhakhirikul 2.) Mr. Wongwiwat Theekhakhirikul 3.) Mr. Kraiwit Satayapiwat.

Appointment and Removal of Company Directors

1. The Company's directors are elected through the shareholders' meeting, with a minimum of 5 directors, and at least half of the total number of directors residing in the Kingdom of Thailand. Currently, there are 10 directors, with 8 residing in the country.
2. The directors of the Company are elected based on the following procedure:
 - 2.1 Each shareholder holds one vote per share.
 - 2.2 Director elections may be conducted through a show of hands for individual candidates or slates, or any other method deemed appropriate during shareholders' meetings. Shareholders must allocate all their votes to one candidate or slate in each vote, and the tally will determine the outcome.
 - 2.3 During the Board of Directors election, shareholders utilize a majority voting system. In case of a tie, the Chairman of the meeting casts the deciding vote.
3. At each annual general meeting, one-third of the directors must retire from office. If the number is not a multiple of three, the number nearest to one-third must retire. Directors with the longest tenure must retire first, and in case of a tie, they will draw lots to determine who will retire. Retiring directors are eligible for re-election.
4. In addition to the expiration of the term, directors may be removed from their positions in the following circumstances:
 - 4.1 Death
 - 4.2 Resignation
 - 4.3 Disqualification or prohibition by law from serving as a director of a public limited company
 - 4.4 Resolution by the shareholders' meeting to remove them under Section 27.
 - 4.5 Court order
5. Any director wishing to resign from their position must submit a letter of resignation to the Company. Resignation will take immediate effect from the date the letter of resignation is received by the Company. A director who resigns during their term must notify the registrar of their resignation.
6. In the event that a director's position becomes vacant for any reason other than upon expiry of directorial term, the board may elect a qualified and non-disqualifying individual to serve as a director in the vacant position, following the laws governing public limited companies. The appointed director shall hold office only for the remaining term of the director they replace. The appointment requires approval by at least three out of remaining four directors unless the remaining term is less than two months.

7. At the shareholders' meeting, a resolution may be passed to remove any director from their position before the end of their term, provided that at least three out of four of the total number of shareholders present and entitled to vote, representing at least one-half of the total shares, vote in favor.
8. In the event that the entire Board of Directors is removed from their positions, the outgoing Board of Directors must continue to conduct necessary business until a new board is established, unless otherwise directed by a court. If removal occurs under section 4.5, a shareholder meeting must be convened within one month, with notice given at least 14 days prior.
9. If there are fewer directors remaining than the number required for a quorum, the remaining directors may act only to convene a meeting of shareholders to elect new directors to fill all necessary vacancies. The initial meeting must be held within one month of the number of directors falling below the quorum, and appointed individuals shall complete the remaining term of the replaced director.

7.3 Information on Company Committees

Committees as follows:

1. Audit Committee

The Audit Committee conducts quarterly meetings with the accounting department and auditors from EY Office Limited to review the Company's financial reports. The Board of Directors is accountable for overseeing the financial reports of both the parent company and its subsidiaries. These reports are prepared in accordance with accounting standards, audited and certified by Mr. Chayapol Suppaserttanon, a Certified Public Accountant (Thailand) No. 3972 from EY Office Limited. Disclosure of important information, both financial and non-financial, is conducted based on complete and consistent facts and truth.

The establishment of the Audit Committee was approved by the Company's Board of Directors on January 20, 2012. As of December 31, 2023, the committee comprises three members who meet the qualifications mandated by Securities and Exchange Laws. Additionally, they are supported by a secretary as listed below.

No.	Name	Position
1	Lt.Gen. Kobboon Vichit	Independent Director and Chairman of the Audit Committee
2	Mr. Prasit Dheeraratbongkot	Independent Director and Audit Committee
3	Puttithorn Jirayus, Ph.D. Ms. Kanokorn Siriarunporn	Independent Director and Audit Committee Secretary of Audit Committee

Audit Committee – Roles & Responsibilities

The Audit Committee, consisting of three independent directors, each possessing extensive experience in accounting and finance, is tasked with monitoring and assessing the Company's business activities. Duties of the Audit Committee are executed in accordance with roles and responsibilities outlined in the Audit Committee Charter, such as to review financial statements and internal controls, ensuring compliance with relevant laws and regulations of Securities Exchange, and providing the Audit Committee report that forms an integral component of the Annual Report, as well as the Official and Company's Regulations.

2. Executive Committee

The Executive Committee consists of 3 members as follows:

No.	Name	Position
1	Mr. Wiwat Theekhakhirikul	Chief Executive Officer and Managing Director (Acting)
2	Mr. Kraiwit Satayapiwat	Director and Deputy Managing Director of Manufacturing and Warehouse
3	Mr. Wongwiwat Theekhakhirikul	Director and Assistant Managing Director – Management and Business Development

Executive Director – Roles and Responsibilities

The Executive Director, composed of three directors, is appointed by the Board of Directors to oversee and manage the overall business operations of the Company on behalf of the Board of Directors.

3. Investment Committee

The Company's Board of Directors appointed the members of the Investment Committee during its 6/2023 meeting on November 13, 2023. The committee consists of 6 members:

1. Mr. Wiwat Theekhakhirikul
2. Mr. Wongwiwat Theekhakhirikul
3. Mrs. Tussanee Auncharoen
4. Ms. Eiko Shirai
5. Mr. Kazuhiro Takeuchi
6. Mr. Chavapas Ongmahutmongko

Duties and Responsibilities of the Investment Committee

The Investment Committee bears the responsibilities delegated by the Board of Directors, outlined as follows:

1. To review investment proposals for Karmarts Public Company Limited and its subsidiaries – the committee is authorized to approve investments, both domestically and internationally. These investments encompass businesses with high growth potential, such as Start-up Businesses, and capital ventures related to Property Service Technologies. The committee operates within the approved budget set by the Board of Directors or individuals appointed by the Board of Directors.
2. To provide advice and recommendations to the management and the Board of Directors on investment.
3. To monitor and evaluate the implementation of the Company's strategy, considering the current business, limitations, and the ability to expand business both domestically and internationally, aligning with the directions, goals, and policies of the Board of Directors.
4. To oversee, monitor, and evaluate approved investment projects and report the progress of such investments to the Board of Directors.
5. To perform other duties as assigned by the Board of Directors, including approving the Company's operations in matters related to investment within the scope of authority assigned by the Board of Directors, subject to periodic review.
6. The Investment Committee has the authority to invite relevant individuals or those deemed appropriate to attend meetings or provide clarification on related matters.

7.4 Management

7.4.1 Management Team

As of December 31, 2023, the Company's top management team comprises 15 individuals, as follows:

Name	Position
1. Mr. Wiwat Theekhakhirikul	Managing Director (Acting)
2. Mr. Kraiwit Satayapiwat	Deputy Managing Director of Manufacturing and Warehouse (Rayong Site)
3. Mrs. Tussanee Auncharoen	Deputy Managing Director of Accounting and Finance Division
4. Mr. Wongwiwat Theekhakhirikul	Assistant Managing Director of Business Development Division
5. Mrs. Chonthida Sathawornwichit	Assistant Managing Director of Marketing Division
6. Ms. Suwannee Tharacheevin	Assistant Managing Director of Accounting Division
7. Mrs. Aunruen Arunvisavakul	Assistant Managing Director of Warehouse and Logistic Division
8. Mr. Pongwiwat Theekhakhirikul	Assistant Managing Director of Marketing Division ² and Head of Product Development Department
9. Mr. Jirakorn Sukprasart	Senior Sales Director of Traditional Trade
10. Mrs. Somsri Viriya	Accounting Director
11. Mr. Satjapong Yongskulrote	Business Development Director – Information Technology
12. Ms. Wei Xiuling (Kat)	Business Development Director
13. Ms. Nattanan Muansing	Sales Operation Director of Modern Trade – Convenience Store
14. Ms. Phatchara Sivipapong	Marketing Director
15. Ms. Seetala Kimsroi	Product Development Director

Management Team – Roles and Responsibilities

The Managing Director is designated by the Board of Directors to supervise overall management activities of the Company to effect business growth and provide maximum benefits for stakeholders. The Managing Director is empowered to appoint a Management Team to effectively implement the Company's business strategies and policies.

Directors and Management Team Appointment

The Company has established a Directors' Selection Procedure, wherein the Board of Directors proposes candidates for approval by shareholders at the shareholder meeting. Each shareholder holding at least one share is granted one vote, and the approval process follows the decision reflected by the majority votes as per section 70 of the Public Limited Company Act, B.E. 2535 (1992).

The Board of Directors comprises five representatives from the Corporate Shareholders, one other Foreigner Shareholder, two other Independent Directors and one other Executive Director.

The Board of Directors is responsible for appointing all personnel within the management hierarchy, from the Chief Executive Officer to the Director level and below, with responsibilities following the chain of command.

Although the Company's Board of Directors does not include a representative from Minority Shareholders who legitimately possess voting rights, the Company maintains independent directors who are competent and qualified to preserve the interest of Minority Shareholders' interests.

7.4.2 Remuneration Policy for Board Members and Executives

The remuneration includes meeting allowances and bonuses, which are determined based in the annual business operational results achieved within the budget approved by shareholders.

The Remuneration for Board Members and Executives is set in according to the policy established by the Management Team, considering overall operating results and every member's individual performance of each member.

7.4.3 Remuneration of Board's Members and Executives

The remuneration for the Board of Directors in the fiscal year 2023 shall not exceed a total of Baht 5 million which is allocated as follows: a meeting fee of Baht 30,000 per session for the Chairman of the Audit Committee, Baht 20,000 per session for independent audit committee member, Baht 30,000 per session for the Chairman of the Company, and Baht 20,000 per session for Company director. (As of April 24, 2023, the Company's Board of Directors adjusted the previous meeting fee rates from 20,000 Baht to 10,000 Baht, effective May 1, 2023).

In 2023, the total compensation for the Company's management and executives amounted to Baht 35 million, compared to Baht 30 million in 2022. This compensation encompasses salaries, bonuses, transportation allowances, and long-term employee benefits.

Other allowances for Directors and Management team:

None

7.5 Information on Employees

Number of employees and remuneration

As of December 31, 2023, the Company employed a total of 900 individuals, with a combined salary and wage expenditure amounting to Baht 319.80 million. Employees are categorized into two groups as outlined below:

(Unit : Persons)

Employees	Factory workers	Office workers	Total
Male	58	190	248
Female	199	453	652
Total	257	643	900
Total salary and wage (Million THB)	61.81	257.99	319.80

- Labor litigation and change in the number of employees

Over the past three years, there has been no notable fluctuation in the employee count or in the number of labor practice complaints lodged against the Company.

- Employee enhancement program

The following are the Company's policies and programs aimed at improving employee development:

1. Basic Computer Skills and Internet Use Course
2. Defensive Driving and Basic Car Maintenance Course
3. Cosmetic Products Knowledge Course
4. Branch Operations Training Course

– Employee Welfare

1. Provident Fund

Name of Company	Status	Number of employees joining PVD (person)	Percentage of employee joining PVD/ total employees (%)
Karmarts Plc.	Active	372	57.85
J Kos Laboratories Co., Ltd.	Active	56	27.18
Pa Donputsa Co., Ltd	Active	3	12.00

2. Attendance allowance

3. Uniform

4. Retirement fund

5. Paid leave

6. Discounted employee prices for purchases of products

7. Bonus payment

8. Life insurance

9. Other subsidies such as Buddhist ordination, cremation, marriage, childbirth, etc.

10. Outstanding employee award

7.6 Other Important Information

Remuneration of Auditor of Subsidiaries

Item	Office	Company Payment	Professional Fee		
			2021	2022	2023
1	EY Office Limited	Karmarts Plc.	1,820,000	1,970,000	2,200,000
2	EY Office Limited	J Kos Laboratories Co., Ltd.	300,000	350,000	380,000
3	EY Office Limited	Pa Donphutsa Co., Ltd	—	350,000	400,000
4	N A Accounting & Auditing Co., Ltd.	KJF GLOBAL Co.,Ltd.	—	90,000	90,000
5	Thai Audit The Truth Limited	The Iconic Property Co., Ltd.	280,000	304,000	315,000
6.	EY Office Limited	KMGI Co., Ltd.	—	—	200,000
	Total		2,460,000	3,064,000	3,585,000

Other Fee

– None –

8. REPORT ON KEY OPERATING RESULTS RELATED TO CORPORATE GOVERNANCE

8.1 Performance summary of the Board of Directors

8.1.1 Board of Directors' Selection and Performance Evaluation

1. Audit Committee

The Board of Directors is responsible for identifying, assessing, and selecting individuals who possess appropriate qualifications in alignment with the Company's guidelines for all committees. This process is designed to recommend qualified candidates for the establishment of a professional and diverse management team, considering factors such as board structure, size, and composition.

Audit Committee: Presently appointed through the Board of Directors' Meeting No. 1/2012 held on January 20, 2012 whereby Lt.Gen. Kobboon Vichit was appointed as the Chairman of the Audit Committee, alongside Mr. Prasit Dheeraratbongkot and Dr. Puttithorn Jirayus, Ph.D. who were appointed as Audit Committee Directors.

2. Selection of Board of Directors and Executives

In 2023, the Board of Directors undertook the selection and appointment of new directors to fill vacancies resulting from resignations or the completion of terms. During the shareholders' meeting, 3 new directors were nominated and re-elected for another term based on their suitability for their respective roles:

- Lt.Gen. Kobboon Vichit
- Mr. Wongwiwat Theekhakhirikul
- Mr. Seah Sin Loo

Summary of Board of Directors/ Succession Planning are reported under Section 2 of the Corporate Governance Item 7.4 Management.

8.1.2 Meeting Attendance and Individual Directors' Remuneration

Board of Directors' Meeting

The Board of Directors schedules regular quarterly meetings, with additional sessions convened as necessary. Each year, clear agendas are set in advance, outlining routine quarterly assessments and periodic reviews of cumulative progress. Invitations, along with meeting agendas and pertinent documents, are circulated beforehand to afford Board members sufficient time for review prior to the meetings. Typically, each meeting lasts approximately 3 hours. In 2023, the Board of Directors held a total of 6 scheduled meetings. Below is a summary of attendance by each Board member.

Name	Position	Board and Specic Committee Meetings in 2023			
		Board of Audit Committee	Board of Director	EGM No. 1/2023	AGM 2023
1. Mr. Wiwat Theekhakhirikul	Chairman of the Board	-	6/6	1/1	1/1
2. Lt.Gen. Kobboon Vichit	Independent Director and Chairman of the Audit Committee	8/8	6/6	1/1	1/1
3. Mr. Kraiwit Satayapiwat	Director	-	6/6	1/1	1/1
4. Mr. Prasit Dheeraratbongkot	Independent Director and Audit Committee	8/8	6/6	1/1	1/1
5. Puttithorn Jirayus, Ph.D	Independent Director and Audit Committee	8/8	6/6	1/1	1/1
6. Mr. Parit Theekhakhirikul	Director	-	6/6	1/1	1/1
7. Mr. Wongwiwat Theekhakhirikul	Director	-	6/6	1/1	1/1
8. Mr. Seah Sin Loo	Director	-	2/6	1/1	1/1
9. Mr. Kattanant Yaphanich*	Director	-	5/6	1/1	1/1
10. Ms. Eiko Shirai**	Director	-	1/6	-	-
11. Mr. Chavapas Ongmahutmongkoln**	Director	-	1/6	-	-

Remark * Mr. Kattanat Yapanich's resignation took effect on August 10, 2023.

** Replacement and New Entry of Directors with effect from August 11, 2023.

Remuneration for Board Members and Executives

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

Remuneration of the Board Members and Executives is accorded in adherence to the policy laid out by Management Team relative to the overall operating results and individual member's performance.

1. Monetary Compensation in 2023

Remuneration for each member of the Board of Directors, including meeting allowances, bonuses, and other benefits, is outlined as follows:

Name	Position	Remuneration (THB)			
		Board of Audit Committee	Board of Director	AGM 2023	Total
1. Mr. Wiwat Theekhakhirikul	Chairman of the Board	–	410,000.00	–	410,000.00
2. Lt.Gen. Kobboon Vichit	Independent Director and Chairman of the Audit Committee	210,000.00	350,000.00	–	560,000.00
3. Mr. Kraiwit Satayapiwat	Director	–	300,000.00	–	300,000.00
4. Mr. Prasit Dheeraratbongkot	Independent Director and Audit Committee	130,000.00	300,000.00	–	430,000.00
5. Puttithorn Jirayus, Ph.D	Independent Director and Audit Committee	130,000.00	300,000.00	–	430,000.00
6. Mr. Parit Teekakirikul	Director	–	300,000.00	–	300,000.00
7. Mr. Wongwiwat Theekhakhirikul	Director	–	300,000.00	–	300,000.00
8. Mr. Seah Sin Loo	Director	–	190,000.00	–	190,000.00
9. Mr. Kattanant Yaphanich	Director	–	180,000.00	–	180,000.00
10. Ms. Eiko Shirai*	Director	–	–	–	–
11. Mr. Chavapas Ongmahutmongkoln	Director	–	20,000.00	–	20,000.00
		470,000.00	2,650,000.00	–	3,120,000.00

Remark: Miss Eiko Shirai declined receipt of meeting allowances

2. Other Remuneration

– None –

8.1.3 Governance of Subsidiaries and Associates

Although the Company has subsidiaries and joint ventures, the authority to manage them lies with their respective Boards of Directors and these entities are not under the direct control of the Company.

8.1.4 Monitoring Compliance with Corporate Governance Policies and Practices

The Company places a strong emphasis on corporate governance and has implemented policies and practices to uphold these standards in its corporate governance policy and business ethics framework. It also actively promotes adherence to these policies to build trust with all stakeholders.

The Company's approach to monitoring compliance with corporate governance principles is structured as follows:

1. Conflicts of interest prevention

The Company has implemented a code of conduct for directors to ensure effective management practices and prevent conflicts of interest that could compromise the Company's interests. Directors are prohibited from engaging in transactions that violate the rules and regulations of regulatory bodies such as the Office of Insurance Commission and the Stock Exchange of Thailand.

2. Use of internal information for exploitation

The Company trusts that its Board members and management executives uphold strong ethical standards and refrain from exploiting internal or proprietary information for personal gain. While there is currently no formal written policy on this matter. The Company believes that relying solely on penalties after the fact is an ineffective control mechanism.

3. Anti-Corruption

The Board of Directors has established an anti-corruption policy, which includes procedures for whistleblowing, investigating instances of fraud, corruption, and misconduct, penalties for false reporting, confidentiality measures, and protection for whistleblowers against retaliation.

4. Investor/Information Relations

Although the Company has not yet established a dedicated Investor Relations Unit, the Information Relations section and/or the Executive Director associated with it are responsible for fostering communication and productive relationships between the Company and its shareholders, investors, analysts, and business reporters. Investors can access Company information through a hotline at 0-2805-2756-60 or by visiting www.karmarts.co.th.

In 2023, the Company did not receive any complaints related to misconduct, ethical violations, or events detrimental to its reputation.

8.2 Report of the Audit Committee's Performance over the Past Year

8.2.1 Audit Committee Meetings and Attendance of Individual Audit Committee Member

No.	Name	Position	No. of Meetings	No. of Attending
1	Lt.Gen. Kobboon Vichit	Independent Director and Chairman of the Audit Committee	8	8
2	Mr. Prasit Dheeraratbongkot	Independent Director and Audit Committee	8	8
3	Puttithorn Jirayus, Ph.D	Independent Director and Audit Committee	8	8
4	Ms. Kanokorn Siriarunporn	Secretary of Audit Committee	8	8

8.2.2 Audit Committee Performance

Refer to Attachment 6 for details.

8.3 Performance of Sub-Committees in the Company

On November 13, 2023, the Company's Board of Directors appointed an Investment Committee to oversee investment matters related to Karmarts Public Company Limited and its subsidiaries.

9. INTERNAL CONTROL AND RELATED PARTY TRANSACTIONS

9.1 Internal control

9.1.1 Board of Directors' View on Internal Control

The Company places paramount importance on its internal control system and the efficacy of its organizational processes. Clear delineation of responsibilities, objectives, and plans exists at both managerial and operational levels. Rigorous oversight ensures optimal asset utilization, with distinct roles assigned to executives, monitors, and evaluators to maintain suitable checks and balances. Moreover, financial control is a top priority for the Company. This system provides tailored reports to management, aligning with their areas of responsibilities. Additionally, these reports are submitted directly to the management board.

The Company's Internal Audit department is tasked with ensuring that core operations and critical financial activities adhere to established guidelines and are conducted efficiently. This encompasses verifying compliance with relevant laws and regulations. Operating autonomously, the Internal Audit department conducts audits and reconciliations comprehensively. As such, the Board has mandated the internal audit department to report audit findings directly to the Audit Committee and undergo evaluation by the same.

9.1.2 Audit Committee's Opinion on Internal Control System

The Audit Committee has confirmed that the Company's internal control and management systems are adequate and appropriate, consistent with the perspective of the Board of Directors. Additionally, EY Office Limited, the Company's auditor responsible for auditing the quarterly and annual financial statements for 2023, has stated in its audit report that there were no deficiency related to the internal control system within the Company and its subsidiaries.

9.1.3 Head of Internal Audit

Miss Kanokorn Siriarunporn was appointed as the Internal Audit Manager by the Company due to her extensive experience in internal audit and compliance work, particularly in meeting the regulatory requirements overseeing the Company's business operations. Her qualifications for the role of Internal Audit Manager are detailed in Attachment 3.

9.2 Connected Transactions

Related party transactions

Related party transactions involve individuals or entities that either control, are controlled by, or are under common control as the Group, either directly or indirectly. This encompasses associated companies, individuals, or entities that hold a voting interest in the Group, thereby possessing influence over its operations.

Additionally, it includes key management personnel, directors, and officers who have authority in planning and directing the Group's operations.

Connected Transactions

As of December 31, 2023, the financial aggregates classified as Connected Transactions include sales of goods and services amounting to Baht 31 million, purchases of goods totaling 1 million Baht, trade receivables, and other receivables – net of related parties aggregating 9 million Baht, short-term loan provided to related parties totaling 19 million Baht, trade creditors and other creditors – net of related parties amounting to 1 million Baht, and short-term loans from related parties totaling 16 million Baht. The remuneration of directors and executives, along with employee benefits provided to directors and executives of the Company and its subsidiaries totaled 35 million Baht. These figures reflect the normal business operations of the Company, as disclosed in note 8 to the financial statements.

Necessities and Bases of Connected Transactions

The Company engages in transactions with related parties to facilitate business operations, adhering to contractual terms and fair market pricing akin to transactions with unrelated entities. These transactions are essential for the Company's normal business operations and are viewed as reasonable and necessary. In transactions involving assets with related parties, the Audit Committee deems them reasonable and beneficial to the Company. Such transactions contribute to the Company's value proposition by fostering mutually advantageous business development and ensuring fairness in pricing and payment terms. During the board meeting, members without conflicts of interest approved additional investments in the mentioned transactions, recognizing their potential benefits to the Company which are anticipated to bolster the Company's competitiveness, particularly by fortifying the market position of the "Karmarts" brand with favorable pricing and payment terms. Members with conflicts of interest abstained from participating in the meetings and/or did not possess voting rights on such agenda items.

Procedures on Connected Transactions

The Company conducts transactions with related parties in the course of standard business operations, ensuring alignment with contractual terms and fair market prices, similar to transactions with typical stakeholders. Therefore, the approval process for related party transactions mirrors that of regular customer or supplier transactions.

In the case of transactions involving guarantees provided to affiliated companies, approval is required from both the Company's Board of Directors meeting and shareholder meetings.

Policy and Trend of Transactions with Related Companies in the Future

The Company's protocol for approving transactions with related parties mirrors that of transactions with ordinary customers and suppliers, ensuring adherence to contracts and fair market pricing. Hence, the approval process for related party transactions is also in line with standard procedures.

As for transactions involving guarantees extended to affiliated companies, such transactions shall strictly undergo scrutiny and approval at both the Company's Board of Directors meeting and shareholder meetings.

Connected Persons	At March 14, 2024		Subsidiary				Associates		Subsidiary of the Associate		Joint venture		Subsidiary of the Associate									
	Karmarts Pub Co.,Ltd		J Kos Laboratories Co.,Ltd		Pa Donphutsa Co.,Ltd		KJF GLOBAL Co.,Ltd.		The Iconic Property Co.,Ltd		The Iconic Property Phatkasam, Bangyad Condominium, The Iconic Property, Chaan Sant Wong13		Karmarts Vietnam		KMGI Co.,Ltd		Ruenrom Food and Beverage Co.,Ltd		The Iconic Property Aree		The Iconic Property Bangna	
	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position
1. Karmarts Plc.			70.00		79.00		50.97		33.33		49.00		50.00	Director								
2. "Theekhakhrikul" Group																						
2.1 Mr. Wivat Theekhakhrikul	18.553	Director			5.55	Director	0.01			Director								Director				
2.2 Mr. Wongvivat Theekhakhrikul	0.201	Director			0.29	Director	0.01															
2.3 Mr. Pongvivat Theekhakhrikul	0.078				0.29																	
2.4 Mr. Polkrit Theekhakhrikul	3.627				3.50				16.66													
2.5 Mr. Parit Teekakirikul	3.002	Director			3.50				16.67	Director	0.01								16.67	Director	65.90	Director
2.6 Ms. Viamol Theekhakhrikul	3.267																					
2.7 Ms. Narapan Theekhakhrikul	0.055				0.29																	
2.8 Ms. Chonrada Theekhakhrikul					0.29																	
3. Mr. Kraivit Satayapivat	0.003	Director				Director																
4. The Iconic Property Co.,Ltd.											99.97											
5. Other	71.214		30.00	Director	7.29	Director	49.01	Director	33.34	Director	0.01		51.00	Director	50.00	Director	100.00		83.33		34.10	
Total	100.000		100.00		100.00		100.00		100.00		100.00		100.00		100.00		100.00		100.00		100.00	

Director		Karmarts Pub Co.,Ltd		J Kos Laboratories Co.,Ltd		Pa Donphutsa Co.,Ltd		KJF GLOBAL Co.,Ltd.		The Iconic Property Co.,Ltd		The Iconic Property Phrakasam, Bangwaet Condominium, The Iconic Property Chuan Sant Wong13		Karmarts Vietnam		Ruenrom Food and Beverage Co.,Ltd		The Iconic Property Aree		The Iconic Property Bangna	
		CEO	Director ^A	MD	Director ^A	MD	Director ^A	MD	Director ^A	MD	Director ^A	MD	Director ^A	MD	Director ^A	MD	Director ^A	MD	Director ^A	MD	Director ^A
		✓	✓		✓	✓	✓		✓	✓	✓	✓	✓			✓					✓
1. Mr. Wivat Theekhakhririkul																					
2. Mr. Wongvivat Theekhakhririkul		✓	✓																		
3. Mr. Kraivit Satayapivat		✓	✓																		
4. Mr. Parit Teekakirikul										✓	✓	✓	✓								✓

Remark: Director^A Meant authorized signatory director.



PART 3

FINANCIAL STATEMENTS



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

Opinion

I have audited the accompanying consolidated financial statements of Karmarts Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Karmarts Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Karmarts Public Company Limited and its subsidiaries and of Karmarts Public Company Limited as at 31 December 2023, 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 including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

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

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

Revenue recognition

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

I have examined the revenue recognition from sales of the Group by :

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

Valuation of investment properties

As mentioned in Note 14 to the financial statements, the Group presents investment properties at fair value in the consolidated statement of financial position and the separate statement of financial position as at 31 December 2023 amounting to Baht 474.7 million and Baht 170.1 million, and in 2023, the Group recorded net gains from changes in fair value of investment properties amounted to Baht 5.1 million in the consolidated statements of comprehensive income and the statements of comprehensive income. The fair value of such investment properties has been determined based on the valuation performed by an independent valuer. Such valuations were calculated under the assumptions and judgements of both management and independent valuer.

I consider that the valuation of investment properties has the significant impact on the financial statements. I therefore examine the valuation of such investment properties.

I have examined the valuation of investment properties of the Group by:

- Gaining an understanding of calculation of fair value of investment properties by inquiry with the responsible person
- Considering the scope and objectives of the fair value assessment of the independent valuer and assess the valuation techniques and models used by the valuer to determine the fair value as specified in the valuation report prepared by the valuer by comparing it with knowledge base and past experiences in assessing fair value for the same or similar nature of assets.
- Considering the consistency of such valuation techniques and models
- Assessing the competence and independence of the independent valuer by checking with public information
- Reviewing necessary information and key assumptions used in the assessment by performing analytical procedure to assess the judgement of management and independent valuer as well as testing calculation of fair value according to the above models and assumptions
- Reviewing the disclosures in the notes to financial statements relating to valuation of investment properties

Other Information

Management is responsible for the other information. The other information comprises 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.



Chayapol Suppasathanon

Certified Public Accountant (Thailand) No. 3972

EY Office Limited

Bangkok: 24 February 2024

Karmarts Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Assets					
Current assets					
Cash and cash equivalents	6	842,255,439	27,631,415	829,041,242	12,821,838
Trade and other receivables	7, 8	516,801,146	411,998,820	543,442,583	423,278,025
Current portion of lease receivables	16	4,207,634	4,152,689	5,977,515	5,828,894
Short-term loans to related party	8	19,000,000	–	59,000,000	38,000,000
Inventories	9	581,037,026	460,041,021	549,812,785	440,209,890
Corporate income tax refundable		–	34,530	–	–
Other current financial assets	10	813,607,900	–	813,607,900	–
Other current assets		75,437,738	51,278,514	75,205,495	50,866,893
Total current assets		2,852,346,883	955,136,989	2,876,087,520	971,005,540
Non-current assets					
Lease receivables – net of current portion	16	2,835,959	6,753,124	5,714,225	11,428,511
Other non-current financial assets	10	124,450,000	–	124,450,000	–
Investment in joint venture	11	11,241,969	3,409,965	8,563,270	–
Investment in associate	12	225,412,715	178,799,418	71,029,990	71,029,990
Investments in subsidiaries	13	–	–	218,877,607	218,877,607
Investment properties	14	474,712,138	454,107,925	170,084,000	156,900,000
Property, plant and equipment	15	484,519,382	479,574,152	472,222,419	465,210,466
Land held for development	14	–	8,284,000	–	8,284,000
Right-of-use assets	16	56,009,984	25,150,905	56,034,402	25,065,556
Intangible assets	17	1,173,381	551,706	1,166,021	551,674
Deferred tax assets	22	339,680	292,667	–	–
Other non-current assets		16,877,347	10,658,515	16,698,647	9,904,274
Total non-current assets		1,397,572,555	1,167,582,377	1,144,840,581	967,252,078
Total assets		4,249,919,438	2,122,719,366	4,020,928,101	1,938,257,618

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

Karmarts Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	18	373,352,361	348,485,953	373,352,361	348,485,953
Trade and other payables	8, 19	308,933,920	205,700,894	332,494,111	211,261,888
Short-term loans from related parties and persons	8	16,000,000	22,300,000	–	8,300,000
Current portion of long-term lease liabilities	16	18,672,995	11,718,412	18,649,857	11,552,334
Income tax payable		68,120,133	46,644,632	66,344,603	46,644,632
Other current liabilities		41,936,570	44,402,106	41,453,988	43,501,231
Total current liabilities		827,015,979	679,251,997	832,294,920	669,746,038
Non-current liabilities					
Long-term lease liabilities-net of current portion	16	38,280,633	16,432,420	38,517,156	16,673,045
Provision for long-term employee benefits	20	23,369,709	20,096,739	23,090,259	19,924,402
Deferred tax liabilities	22	56,803,018	42,142,313	56,803,018	42,142,313
Total non-current liabilities		118,453,360	78,671,472	118,410,433	78,739,760
Total liabilities		945,469,339	757,923,469	950,705,353	748,485,798

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

Karmarts Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Shareholders' equity					
Share capital	21				
Registered					
1,099,999,996 ordinary shares of Baht 0.60 each					
(2022: 880,000,000 ordinary shares of Baht 0.60 each)		659,999,998	528,000,000	659,999,998	528,000,000
Issued and fully paid					
1,099,999,996 ordinary shares of Baht 0.60 each					
(2022: 879,998,016 ordinary shares of Baht 0.60 each)		659,999,998	527,998,810	659,999,998	527,998,810
Share premium	21	1,551,409,878	88,396,711	1,551,409,878	88,396,711
Surplus from capital reduction		15,267,473	15,267,473	15,267,473	15,267,473
Share discount on changes in proportion of investment in subsidiary		135,191	135,191	–	–
Retained earnings					
Appropriated – statutory reserve	29	66,000,000	52,800,000	66,000,000	52,800,000
Unappropriated		843,626,164	514,852,243	674,015,511	401,778,938
Other components of shareholders' equity		103,865,386	103,402,032	103,529,888	103,529,888
Equity attributable to owners of the Company		3,240,304,090	1,302,852,460	3,070,222,748	1,189,771,820
Non-controlling interests of the subsidiaries		64,146,009	61,943,437	–	–
Total shareholders' equity		3,304,450,099	1,364,795,897	3,070,222,748	1,189,771,820
Total liabilities and shareholders' equity		4,249,919,438	2,122,719,366	4,020,928,101	1,938,257,618

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

Karmarts Public Company Limited and its subsidiaries
Income statement
For the year ended 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Revenues					
Sales		2,397,526,197	1,838,767,804	2,510,721,014	1,925,475,354
Income from warehouse rental		26,152,200	24,906,621	26,152,200	24,906,621
Other income		31,820,876	11,481,891	30,449,273	14,610,531
Total revenues		<u>2,455,499,273</u>	<u>1,875,156,316</u>	<u>2,567,322,487</u>	<u>1,964,992,506</u>
Expenses					
Cost of sales		1,148,686,181	954,443,874	1,287,669,221	1,058,163,641
Cost of warehouse rental		122,420	96,816	122,420	96,816
Selling and distribution expenses		367,518,485	292,621,166	366,912,104	292,312,265
Administrative expenses		263,210,451	238,430,818	248,816,385	224,118,289
Total expenses		<u>1,779,537,537</u>	<u>1,485,592,674</u>	<u>1,903,520,130</u>	<u>1,574,691,011</u>
Profit from operating activities		<u>675,961,736</u>	<u>389,563,642</u>	<u>663,802,357</u>	<u>390,301,495</u>
Gain on change in fair value of investments in equity instrument		84,523,214	–	84,523,214	–
Gain on change in fair value of investment properties	14	5,140,899	35,200,000	4,900,000	35,200,000
Loss on diminution in value of properties transferred to investment properties		–	(1,802,683)	–	–
Share of profit from investments in joint ventures and associate	11, 12	50,324,692	1,104,512	–	–
Finance income	23	7,498,611	384,445	8,638,934	1,089,427
Finance cost	24	(15,561,612)	(14,544,414)	(15,303,240)	(14,467,081)
Profit before income tax expenses		<u>807,887,540</u>	<u>409,905,502</u>	<u>746,561,265</u>	<u>412,123,841</u>
Income tax expenses	22	(144,716,746)	(84,510,260)	(142,130,391)	(84,217,019)
Profit for the year		<u><u>663,170,794</u></u>	<u><u>325,395,242</u></u>	<u><u>604,430,874</u></u>	<u><u>327,906,822</u></u>
Profit attributable to:					
Equity holders of the Company		660,968,222	327,000,122	<u>604,430,874</u>	<u>327,906,822</u>
Non-controlling interests of the subsidiaries		<u>2,202,572</u>	<u>(1,604,880)</u>		
		<u><u>663,170,794</u></u>	<u><u>325,395,242</u></u>		
Earnings per share	26				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.71</u>	<u>0.37</u>	<u>0.65</u>	<u>0.37</u>
Weighted average number of ordinary shares (shares)		<u><u>929,423,118</u></u>	<u><u>879,998,016</u></u>	<u><u>929,423,118</u></u>	<u><u>879,998,016</u></u>

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

Karmarts Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Profit for the year		<u>663,170,794</u>	<u>325,395,242</u>	<u>604,430,874</u>	<u>327,906,822</u>
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent period					
Share of loss from exchange differences on translation of joint venture's financial statements in foreign currency		<u>(377,555)</u>	<u>(2,199)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent period		<u>(377,555)</u>	<u>(2,199)</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent period					
Changes in revaluation surplus of assets					
- net of income tax	15,22,27	-	32,742,300	-	32,742,300
Share of comprehensive income from investment in associate - net of income tax	12	<u>840,909</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>840,909</u>	<u>32,742,300</u>	<u>-</u>	<u>32,742,300</u>
Other comprehensive income for the year		<u>463,354</u>	<u>32,740,101</u>	<u>-</u>	<u>32,742,300</u>
Total comprehensive income for the year		<u><u>663,634,148</u></u>	<u><u>358,135,343</u></u>	<u><u>604,430,874</u></u>	<u><u>360,649,122</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		661,431,576	359,740,223	<u>604,430,874</u>	<u>360,649,122</u>
Non-controlling interests of the subsidiaries		<u>2,202,572</u>	<u>(1,604,880)</u>		
		<u><u>663,634,148</u></u>	<u><u>358,135,343</u></u>		

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

Karmarts Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statement												
	Equity attributable to owners of the Company												
	Issued and fully paid share capital	Share premium	Surplus from capital reduction	Share premium (discount) on changes in proportion of investment in subsidiary	Retained earnings		Other components of shareholders' equity			Total other components of shareholders' equity			
					Statutory reserve	Unappropriated	Revaluation surplus of assets	Exchange differences on translation of joint venture's financial statements in foreign currency	Share of comprehensive income from investment in associate				
Balance as at 1 January 2022	527,998,810	88,396,711	15,267,473	(423,639)	52,799,881	399,050,323	70,787,588	(125,657)	-	70,661,931	1,153,751,490	7,406,855	1,161,158,345
Profit for the year	-	-	-	-	-	327,000,122	-	-	-	-	327,000,122	(1,604,860)	325,395,242
Other comprehensive income for the year	-	-	-	-	-	-	32,742,300	(2,199)	-	32,740,101	32,740,101	-	32,740,101
Total comprehensive income for the year	-	-	-	-	-	327,000,122	32,742,300	(2,199)	-	32,740,101	359,740,223	(1,604,860)	358,135,343
Appropriated to statutory reserve (Note 29)	-	-	-	-	119	(119)	-	-	-	-	-	-	-
Dividends paid (Note 28)	-	-	-	-	-	(211,198,083)	-	-	-	-	(211,198,083)	-	(211,198,083)
Share discount on changes in the proportion of investment in subsidiary	-	-	-	558,830	-	-	-	-	-	-	558,830	-	558,830
Increase in non-controlling interests of the subsidiary from acquisition	-	-	-	-	-	-	-	-	-	V	-	292	292
Increase in non-controlling interests of the subsidiary from capital increase of the subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	38,500,000
Increase in non-controlling interests of the subsidiary from sale of investment in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	17,641,170
Balance as at 31 December 2022	527,998,810	88,396,711	15,267,473	135,191	52,800,000	514,852,243	103,529,888	(127,856)	-	103,402,032	1,302,852,460	61,943,437	1,364,795,897
Balance as at 1 January 2023	527,998,810	88,396,711	15,267,473	135,191	52,800,000	514,852,243	103,529,888	(127,856)	-	103,402,032	1,302,852,460	61,943,437	1,364,795,897
Profit for the year	-	-	-	-	-	660,968,222	-	-	-	-	660,968,222	2,202,572	663,170,794
Other comprehensive income for the year	-	-	-	-	-	-	-	(377,555)	840,909	463,354	463,354	-	463,354
Total comprehensive income for the year	-	-	-	-	-	660,968,222	-	(377,555)	840,909	463,354	661,431,576	2,202,572	663,634,148
Increase share capital (Note 21)	132,001,188	1,463,013,167	-	-	-	(13,200,000)	-	-	-	-	1,595,014,355	-	1,595,014,355
Appropriated to statutory reserve (Note 29)	-	-	-	-	13,200,000	-	-	-	-	-	-	-	-
Dividends paid (Note 28)	-	-	-	-	-	(318,994,301)	-	-	-	-	(318,994,301)	-	(318,994,301)
Balance as at 31 December 2023	659,999,998	1,551,403,878	15,267,473	135,191	66,000,000	843,626,164	103,529,888	(505,411)	840,909	103,885,386	3,240,304,090	64,146,009	3,304,450,099

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

Karmarts Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2023

(Unit: Baht)

	Separate financial statement						
	Issued and fully paid share capital	Share premium	Surplus from capital reduction	Retained earnings		Other components of shareholders' equity	Total shareholders' equity
				Statutory reserve	Unappropriated		
Balance as at 1 January 2022	527,998,810	88,396,711	15,267,473	52,799,881	285,070,318	70,787,588	1,040,320,781
Profit for the year	-	-	-	-	327,906,822	-	327,906,822
Other comprehensive income for the year	-	-	-	-	-	32,742,300	32,742,300
Total comprehensive income for the year	-	-	-	-	327,906,822	32,742,300	360,649,122
Appropriated to statutory reserve (Note 29)	-	-	-	119	(119)	-	-
Dividends paid (Note 28)	-	-	-	-	(211,198,083)	-	(211,198,083)
Balance as at 31 December 2022	527,998,810	88,396,711	15,267,473	52,800,000	401,778,938	103,529,888	1,189,771,820
Balance as at 1 January 2023	527,998,810	88,396,711	15,267,473	52,800,000	401,778,938	103,529,888	1,189,771,820
Profit for the year	-	-	-	-	604,430,874	-	604,430,874
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	604,430,874	-	604,430,874
Increase in share capital (Note 21)	132,001,188	1,463,013,167	-	-	-	-	1,595,014,355
Appropriated to statutory reserve (Note 29)	-	-	-	13,200,000	(13,200,000)	-	-
Dividends paid (Note 28)	-	-	-	-	(318,994,301)	-	(318,994,301)
Balance as at 31 December 2023	659,999,998	1,551,409,878	15,267,473	66,000,000	674,015,511	103,529,888	3,070,222,748

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

Karmarts Public Company Limited and its subsidiaries
Statement of cash flows
For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit before tax	807,887,540	409,905,502	746,561,265	412,123,841
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	57,523,223	54,021,342	53,126,941	49,195,049
Loss on diminution in value of properties transferred to investment properties	–	1,802,683	–	–
Gain on change in fair value of investment properties	(5,140,899)	(35,200,000)	(4,900,000)	(35,200,000)
Loss on expected credit losses (reversal)	(5,708,335)	802,038	(4,978,615)	712,320
Loss on reducing cost of inventories to net realisable value (reversal)	(12,557,920)	4,365,240	(12,685,874)	3,817,163
Unrealised loss on exchange	2,435,778	21,747,376	2,435,778	21,747,376
Gain on disposals of investments in equity instruments	(7,657,980)	(435,000)	(7,657,980)	(435,000)
Loss on sale of investment in subsidiary	–	–	–	122,093
Excess of purchase price over net asset of investments in subsidiary	–	25,899	–	–
Reversal of allowance for impairment of investment in joint venture	–	–	(3,563,280)	–
Gain on changes in fair value of investments in equity instruments	(84,523,214)	–	(84,523,214)	–
Loss on written off of equipment and intangible assets	749,824	1,241,301	165,951	1,204,421
Gain on disposals of equipment	(10,419)	(1,978,315)	(10,419)	(2,075,045)
Interest income	(7,090,722)	(87,847)	(7,841,906)	(580,228)
Dividend income from investments in equity instruments	(474,200)	–	(474,200)	–
Long-term employee benefits expense	4,028,420	3,550,854	3,676,308	3,472,378
Interest expenses	14,304,744	13,240,334	14,001,956	13,170,571
Deferred profit from sales of inventories between the Company and a joint venture	1,342,735	–	–	–
Share of profit from investments in joint ventures and associate	(50,324,692)	(1,104,512)	–	–
Profit from operating activities before changes in operating assets and liabilities:	714,783,883	471,896,895	693,332,711	467,274,939
Operating assets (increase) decrease				
Trade and other receivables	(76,582,709)	(92,805,085)	(92,674,660)	(95,826,029)
Lease receivables	3,862,220	(4,554,740)	5,565,665	(10,646,111)
Inventories	(108,438,085)	(130,836,940)	(96,917,021)	(125,924,600)
Other current assets	(24,159,224)	(7,467,110)	(24,338,602)	(7,161,276)
Other non-current assets	(3,518,832)	430,381	(4,094,373)	336,282
Operating liabilities increase (decrease)				
Trade and other payables	102,570,390	57,903,297	120,720,847	58,392,340
Other current liabilities	(2,465,536)	(767,251)	(2,047,245)	(1,471,520)
Cash from operating activities	606,052,107	293,799,447	599,547,322	284,974,025
Cash paid for income tax	(108,895,443)	(85,790,067)	(107,769,715)	(85,639,406)
Cash received from income tax refund	302,420	–	–	–
Cash paid for long-term employee benefits	(755,450)	(232,000)	(510,450)	(232,000)
Net cash from operating activities	496,703,634	207,777,380	491,267,157	199,102,619

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

Karmarts Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from investing activities				
Interest income	3,944,566	223,174	4,695,749	715,555
Dividend income from investments in equity instruments	474,200	–	474,200	–
Acquisition of investments in subsidiary	–	(3,199,700)	–	(213,699,700)
Cash from disposal of investment in subsidiary	–	–	–	18,200,000
Net cash from acquisition of the subsidiary	–	21,000	–	–
Increase in short-term loans to related party	(19,000,000)	–	(21,000,000)	(17,000,000)
Decrease in short-term loans to unrelated party	–	4,000,000	–	4,000,000
Decrease in long-term loans to related party	–	1,000,000	–	–
Proceeds from disposals of equipment	39,890	3,127,507	39,890	3,295,731
Proceeds from disposals of investments in equity instruments	24,152,480	6,740,000	24,152,480	6,740,000
Acquisitions of investments in fixed deposits	(795,000,000)	–	(795,000,000)	–
Acquisitions of investments in equity instruments	(94,229,186)	(6,305,000)	(94,229,186)	(6,305,000)
Deposits paid for purchase of land	(2,700,000)	–	(2,700,000)	–
Acquisitions of land, building, equipment and intangible assets	(44,319,603)	(272,091,764)	(41,659,870)	(28,693,140)
Acquisitions of investment properties	(7,179,314)	–	–	–
Cash received from non-controlling interests of the subsidiary from capital increase	–	38,500,000	–	–
Cash received from non-controlling interests of the subsidiary from sale of investment in subsidiary	–	17,763,263	–	–
Invest in a joint venture	(4,999,990)	–	(4,999,990)	–
Net cash used in investing activities	(938,816,957)	(210,221,520)	(930,226,727)	(232,746,554)
Cash flows from financing activities				
Increase in short-term loans from financial institutions	22,395,503	164,112,036	22,395,503	164,112,036
Decrease in short-term loans from related parties and persons	(6,300,000)	(34,032,437)	(8,300,000)	(17,700,000)
Cash paid for settlements of leases	(22,747,723)	(11,671,279)	(22,600,617)	(8,699,659)
Decrease in long-term loan from financial institution	–	(16,410,221)	–	(16,410,221)
Interest paid	(12,630,487)	(12,559,791)	(12,335,966)	(12,228,001)
Cash received from share capital increase	1,595,014,355	–	1,595,014,355	–
Dividends paid	(318,994,301)	(211,198,083)	(318,994,301)	(211,198,083)
Net cash from (used in) financing activities	1,256,737,347	(121,759,775)	1,255,178,974	(102,123,928)
Net increase (decrease) in cash and cash equivalents	814,624,024	(124,203,915)	816,219,404	(135,767,863)
Cash and cash equivalents at beginning of year	27,631,415	151,835,330	12,821,838	148,589,701
Cash and cash equivalents at end of year (Note 6)	842,255,439	27,631,415	829,041,242	12,821,838

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

Karmarts Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Supplemental cash flows information: -				
Non-cash transactions: -				
Payables for acquisition of equipment and intangible assets	389,977	-	238,716	-
Increase in right-of-use assets and lease liabilities	48,647,624	959,724	48,647,624	959,724
Surplus on revaluation of assets	-	40,927,875	-	40,927,875
Transfer of properties to investment properties	-	297,207,925	-	-
Transfer of land held for development to investment properties	8,284,000	-	8,284,000	-
Receivable from disposal of investments in equity instruments	19,200,000	-	19,200,000	-
Share of comprehensive income from investment in associate	840,909	-	-	-

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

Karmarts Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2023

1. General information

Karmarts Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of consumer products, and the provision of warehouse for rental. The Company's registered address is 81-81/1, Soi Phetchakasem 54 sub3, Phetchakasem Road, Bangduan, Phasicharoen, Bangkok.

2. Basis of preparation of financial statements

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development 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 Karmarts Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries") (collectively as "the Group"):

Subsidiaries	Nature of business	Percentage of shareholding		Country of incorporation
		2023	2022	
		Percent	Percent	
J KOS Laboratories Co., Ltd.	Manufacture and distribution of consumer product	70.00	70.00	Thailand
Pa Donphutsa Co., Ltd.	Investment in land	79.00	79.00	Thailand
KJF Global Co., Ltd.	Manufacture and distribution of consumer product	51.00	51.00	Thailand

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

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023. 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.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. 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 believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Sale of goods

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

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

Interest income

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

Finance cost

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

Dividend income

Dividend income are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

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

4.3 Inventories

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

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

4.4 Investments in subsidiaries, joint ventures and associates

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

Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method less allowance for loss on impairment (if any).

4.5 Investment properties

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

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

4.6 Property, plant and equipment and depreciation

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

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

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

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

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

Buildings	5 – 20 years
Land improvements and building improvements	5 – 10 years
Machinery and equipment	5 years
Motor vehicles	5 years
Office furniture, fixtures and equipment	3 and 5 years

Depreciation is included in determining income.

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

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

4.7 Land held for development

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

4.8 Leases

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

The Group as a lessee

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

Right-of-use assets

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

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

Land	3 – 6	years
Buildings	1 – 6	years
Motor vehicles	4	years
Equipment	5	years

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

Sub lease

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

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

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

The Group as a lessor

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

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

4.9 Intangible assets

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

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

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

Computer software	3 years
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No amortisation is provided for computer software under installation.

4.10 Related party transactions

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

They also include associates, 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.

4.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of non-financial assets

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

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

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

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

4.14 Provisions

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

4.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.16 Financial instruments

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

Classification and measurement of financial assets

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

Financial assets at amortised cost

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

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

Financial assets at FVTPL

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

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

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

Classification and measurement of financial liabilities

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

Regular way purchases and sales of financial assets

Regular way purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the settlement date, i.e., the date on which an asset is delivered.

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 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 as credit impaired or 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,

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.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Offsetting of financial instruments

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

4.17 Fair value measurement

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

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

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

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

5. Significant accounting judgements and estimates

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

Reduction of cost to net realisable value of inventories

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

Allowance for expected credit losses of trade receivables

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

Investment properties

The Group presents investment properties at the fair value estimated by an independent appraiser, and recognised changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach for the properties used for warehouse service, because there is no market price that could be used to apply a comparative approach and using market approach for land that has no obvious purpose.

Land

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

Leases – The Group as a lessee

Determining the lease term with extension and termination options

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

Estimating the incremental borrowing rate

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

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 the results of the litigation and assess that some loss will result. Therefore, contingent liabilities are recorded as at the end of reporting period.

6. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash	355	352	277	275
Bank deposits	841,900	27,279	828,764	12,547
Total	<u>842,255</u>	<u>27,631</u>	<u>829,041</u>	<u>12,822</u>

As at 31 December 2023, bank deposits in savings accounts carried interest at rates of 0.50% – 1.75% per annum (2022: 0.25% – 0.35% per annum).

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Trade accounts receivable – related parties				
Aged on the basis of due dates				
Not yet due	8,090	3,682	25,087	14,019
Past due				
1 – 3 months	–	1,205	9,422	1,205
Total	8,090	4,887	34,509	15,224
Less: Allowance for expected credit losses	(3)	(16)	(181)	(58)
Net	8,087	4,871	34,328	15,166
Trade accounts receivable – unrelated parties				
Aged on the basis of due dates				
Post dated cheques	7,473	6,377	7,473	6,371
Not yet due	223,293	204,089	223,293	203,628
Past due				
1 – 3 months	223,142	156,096	223,120	155,803
3 – 6 months	35,170	46,495	35,170	46,495
6 – 12 months	462	–	270	–
Over 12 months	4,755	7,259	4,704	7,259
Returned cheques	–	70	–	70
Total	494,295	420,386	494,030	419,626
Less: Allowance for expected credit losses	(9,916)	(15,610)	(9,828)	(15,559)
Net	484,379	404,776	484,202	404,067
Other receivables				
Other receivables – related parties	907	12	2,221	1,780
Other receivables – unrelated parties	23,432	2,345	23,334	2,278
Total	24,339	2,357	25,555	4,058
Less: Allowance for expected credit losses	(4)	(5)	(642)	(13)
Net	24,335	2,352	24,913	4,045
Total trade and other receivables – net	516,801	411,999	543,443	423,278

The normal credit term is 30 to 120 days.

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	
	2023	2022	2023	2022
Beginning balance	15,631	14,829	15,630	14,918
Allowance for expected credit losses (reversal)	(5,448)	802	(4,719)	712
Written-off	(25)	–	(25)	–
Amount recovered	(235)	–	(235)	–
Ending balance	<u>9,923</u>	<u>15,631</u>	<u>10,651</u>	<u>15,630</u>

8. Related parties transactions

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

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

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

Such significant transactions are summarised below.

(Unit: Million Baht)

	Consolidated financial statements For the years ended 31 December		Separate financial statements For the years ended 31 December		Pricing policies
	2023	2022	2023	2022	
Transactions with subsidiaries					
(Eliminated from consolidated financial statements)					
Purchases of goods and raw materials	–	–	212	158	Cost plus margin
Sales of raw materials	–	–	109	86	Cost
Service income	–	–	6	7	Contract price
Service expenses	–	–	4	4	Contract price
Rental income	–	–	2	2	Contract price
Interest income	–	–	1	1	2.0 percent per annum
Transactions with joint venture and associate					
Purchases of goods	1	–	1	–	Cost plus margin
Sales of goods	31	27	31	27	Cost plus margin
Service income	1	–	1	–	Contract price
Transactions with related parties and persons					
Purchases of goods	1	1	–	–	Cost plus margin
Sale of investment in subsidiary	–	–	–	18	Contract price

The outstanding balances of the related parties and persons as at 31 December 2023 and 2022 are shown in the statements of financial position as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<u>Trade and other receivables – related parties (Note 7)</u>				
Joint venture	8,997	4,848	8,997	4,848
Subsidiaries	–	–	27,733	12,144
Related companies	–	51	–	12
Total	8,997	4,899	36,730	17,004
Less: Allowance for expected credit losses	(5)	(16)	(823)	(67)
Net	8,992	4,883	35,907	16,937
<u>Lease receivables</u>				
Subsidiaries	–	–	4,648	6,352
<u>Short-term loans to related parties</u>				
Subsidiary	–	–	40,000	38,000
Associate	19,000	–	19,000	–
Total	19,000	–	59,000	38,000
<u>Trade and other payables – related parties and persons (Note 19)</u>				
Subsidiaries	–	–	35,798	16,561
Joint ventures	574	–	574	–
Related companies	95	311	40	164
Accrued managements benefits	1,750	1,190	1,750	1,190
Total	2,419	1,501	38,162	17,915
<u>Short-term loans from related parties and persons</u>				
Associate	–	8,300	–	8,300
Directors	16,000	14,000	–	–
Total	16,000	22,300	–	8,300

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	1 January 2023	Increase	Decrease	31 December 2023
Short-term loans from related party				
Associate				
The Iconic Property Company Limited	–	19,000	–	19,000
Short-term loans from related parties and persons				
Associate				
The Iconic Property Company Limited	8,300	–	(8,300)	–
Directors and related persons	14,000	2,000	–	16,000
Total	22,300	2,000	(8,300)	16,000

(Unit: Thousand Baht)

	Separate financial statements			
	1 January 2023	Increase	Decrease	31 December 2023
Short-term loans to related parties				
Subsidiary				
Pa Donphutsa Co., Ltd.	38,000	2,000	–	40,000
Associate				
The Iconic Property Company Limited	–	19,000	–	19,000
Total	38,000	21,000	–	59,000
Short-term loan from related party				
Associate				
The Iconic Property Company Limited	8,300	–	(8,300)	–

As at 31 December 2023 and 2022, short-term loans to the subsidiary matures at call and carries an interest at a rate of 2.0 percent per annum

As at 31 December 2023, short-term loans to the associate matures at call and carries an interest at a rate of 2.0 percent per annum.

As at 31 December 2022, short-term loans from the associate matures at call and carries an interest at a rate of 2.0 percent per annum.

As at 31 December 2023 and 2022, the subsidiary has short-term loans from its directors and related persons which mature at call and carry an interest at a rate of 2.0 percent per annum.

Directors and management benefits

In 2023 and 2022, the Group had employee benefit expenses of their directors and management as below.

(Unit : Million Baht)

	Consolidated / Separate financial statements	
	2023	2022
	35	30
Short-term employee benefits		

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2023	2022	2023	2022	2023	2022
Finished goods	386,146	316,553	(21,020)	(35,917)	365,126	280,636
Raw materials and supplies	165,309	111,357	(11,921)	(9,582)	153,388	101,775
Work in process	14,641	13,201	-	-	14,641	13,201
Goods in transit	41,961	54,140	-	-	41,961	54,140
Goods expected to be returned by customers	5,921	10,289	-	-	5,921	10,289
Total	613,978	505,540	(32,941)	(45,499)	581,037	460,041

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2023	2022	2023	2022	2023	2022
Finished goods	386,146	316,553	(21,021)	(35,917)	365,125	280,636
Raw materials and supplies	136,994	92,648	(10,502)	(8,292)	126,492	84,356
Work in process	10,314	10,789	-	-	10,314	10,789
Goods in transit	41,961	54,140	-	-	41,961	54,140
Goods expected to be returned by customers	5,921	10,289	-	-	5,921	10,289
Total	581,336	484,419	(31,523)	(44,209)	549,813	440,210

During the current year, the Group reversed the write-down of cost of inventories by Baht 12.6 million and reduced the amount of inventories recognised as expenses during the year (the Company only: Baht 12.7 million) (2022: reduced cost of inventories by Baht 4.4 million to reflect the net realisable value, the Company only: Baht 3.8 million).

10. Other financial assets

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2023	2022
Debt instruments at amortised cost		
Fixed deposits	795,000	–
Total debt instruments at amortised cost	795,000	–
Equity instruments at FVTPL		
Listed equity investments	143,058	–
Total equity instruments at FVTPL	143,058	–
Total other financial assets – net	938,058	–
Current	813,608	–
Non-current	124,450	–
	938,058	–

11. Investments in joint ventures

11.1 Details of investments in joint ventures

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Joint ventures	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2023	2022	2023	2022	2023	2022
			(%)	(%)				
Karmarts Vietnam Co., Ltd.	Distribution of cosmetic products	Vietnam	49.00	49.00	3,563	3,563	7,095	3,410
KMGI Co., Ltd.	Distribution of cosmetic products	Thailand	50.00	–	5,000	–	4,147	–
Total					8,563	3,563	11,242	3,410

(Unit: Thousand Baht)

Joint ventures	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method – net	
			2023	2022	2023	2022	2023	2022	2023	2022
			(%)	(%)						
Karmarts Vietnam Co., Ltd.	Distribution of cosmetic products	Vietnam	49.00	49.00	3,563	3,563	–	(3,563)	3,563	–
KMGI Co., Ltd.	Distribution of cosmetic products	Thailand	50.00	50.00	5,000	–	–	–	5,000	–
Total					8,563	3,563	–	(3,563)	8,563	–

The operation of this joint venture covers a period of 50 years, starting from the incorporation date, (9 October 2015).

As at 31 December 2023 and 2022, the Company had commitment to pay USD 98,000 in respect of uncalled portion of shares of Karmarts Vietnam Co., Ltd.

KMGI Company Limited was registered as a company on 24 February 2023 with a registered share capital of Baht 1 million (100,000 ordinary shares of Baht 10 each) and the Company acquired 50% of registered share capital and paid share subscription of Baht 0.5 million (49,999 ordinary shares of Baht 10 each).

On 19 June 2023, the Extraordinary General Meeting of the shareholders of KMGI Company Limited approved an increase of Baht 9 million in its share capital (900,000 ordinary shares of Baht 10 each). After the increase in capital, this company has the registered share capital of Baht 10 million (1,000,000 ordinary shares of Baht 10 each). The Company acquired 450,000 shares of shares increase or Baht 4.5 million, and other shareholders acquired 450,000 shares of share increase or Baht 4.5 million. After the capital increase, the Company holds 50.00% in shares of this company and remains joint control in this company.

KMGI Company Limited registered the increase of its share capital with the Ministry of Commerce on 22 June 2023.

11.2 Share of comprehensive income

During the years, the Company recognised its comprehensive income from investments in joint ventures in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements	
	Share of profit (loss)	
	2023	2022
Karmarts Vietnam Co., Ltd.	4,884	2,992
KMGI Co., Ltd.	(331)	–
Total	<u>4,553</u>	<u>2,992</u>

In 2023 and 2022, the joint ventures did not pay dividends.

11.3 Summary financial information of material joint ventures

Summarised information about financial position:

(Unit: Million Baht)

	Karmarts Vietnam Co., Ltd.	KMGI Co., Ltd.		
	As at 31 December			
	2023	2022	2023	2022
Cash and cash equivalents	10	8	7	–
Other current assets	14	11	10	–
Current liabilities	(5)	(8)	(8)	–
Net assets	19	11	9	–
Shareholding percentage	49	49	50	–
Share of net assets	9	5	5	–
Elimination entries	(2)	(2)	(1)	–
Carrying amounts of joint venture based on equity method	7	3	4	–

Summarised information about comprehensive income:

(Unit: Million Baht)

	Karmarts Vietnam Co., Ltd.		KMGI Co., Ltd.	
	For the year ended 31 December			
	2023	2022	2023	2022
Revenue	44	47	47	–
Profit	8	7	7	–
Other comprehensive income	–	–	–	–
Total comprehensive income	8	7	7	–

12. Investments in subsidiaries

12.1 Details of associate:

Investment in associate represented investment in The Iconic Property Company Limited which is incorporated in Thailand and engaged in property development. The Company invested 33.33% in shares of this company. Value of investment as of 31 December 2023 and 2022 was as follow:

(Unit: Thousand Baht)

Consolidated financial statements		Separate financial statements	
Carrying amount based on equity method		Cost	
2023	2022	2023	2022
<u>225,413</u>	<u>178,799</u>	<u>71,030</u>	<u>71,030</u>

As at 31 December 2023, the associate has one piece of land with a fair value of Baht 21.4 million (2022: Baht 18.6 million, obtained from the past due of repurchase agreement. The right over this property has been in the process of transfer from its director to the associate.

12.2 Share of comprehensive income

During the years, the Company recognised its share of comprehensive income from investment in associate in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Associate	Consolidated financial statements			
	Share of profit (loss)		Share of comprehensive income	
	2023	2022	2023	2022
The Iconic Property Company Limited and its subsidiaries	<u>45,772</u>	<u>(1,887)</u>	<u>841</u>	<u>-</u>

In 2023 and 2022, the associate did not pay dividends.

12.3 Summary financial information about material associate

Summarised information about financial position:

(Unit: Million Baht)

	As at 31 December	
	2023	2022
Current assets	234	166
Non-current assets	558	372
Current liabilities	(116)	(2)
Net assets	676	536
Shareholding percentage	33.33	33.33
Share of net assets	225	179
Elimination entries	-	-
Carrying amount of associate based on equity method	225	179

Summarised information about comprehensive income:

(Unit: Million Baht)

	2023	2022
Revenue	180	-
Profit (loss)	137	(6)
Other comprehensive income	3	-
Total comprehensive income	140	(6)

In 2023, the associate arranged for an independent valuer to appraise the fair value of its investment properties which is land, using the market approach. Key assumption used in the valuation is a price per square wah. The associate recorded gains on fair value increase of Baht 180 million in its income statement.

13. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Subsidiaries	Paid-up share capital	Shareholding percentage	Cost method	
	(Million Baht)	(%)	31 December 2023	31 December 2022
J KOS Laboratories Company Limited	10.00	70.00	7,000	7,000
Pa Donphutsa Company Limited	260.00	79.00	206,778	206,778
KJF Global Company Limited	10.00	51.00	5,100	5,100
Total			218,878	218,878

In 2023 and 2022, the subsidiaries did not pay dividends.

14. Investment properties

A reconciliation of the net book value of investment properties as at the beginning and end of the years 2023 and 2022 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Land and structure	Properties and warehouse for rental	Total
Net book value at beginning of 2022	–	121,700	121,700
Transfers in	297,208	–	297,208
Gain from increasing in fair value	–	35,200	35,200
Net book value at end of 2022	297,208	156,900	454,108
Acquisitions	7,179	–	7,179
Transfers in	8,284	–	8,284
Gain from increasing in fair value	241	4,900	5,141
Net book value at end of 2023	312,912	161,800	474,712

(Unit: Thousand Baht)

	Separate financial statements		
	Land and structure	Properties and warehouse for rental	Total
Net book value at beginning of 2022	–	121,700	121,700
Gain from increasing in fair value	–	35,200	35,200
Net book value at end of 2022	–	156,900	156,900
Transfers in	8,284	–	8,284
Gain from increasing in fair value	–	4,900	4,900
Net book value at end of 2023	8,284	161,800	170,084

As at 31 December 2023, the Company transferred land held for development with a carrying amount of Baht 8.3 million to investment properties because the management of the Company changed the purpose and opined that there was no specific purpose for the use of land. The management appraised the fair value of such land using market comparison method and appraised the book value as at transfer date reflecting the market value as at transfer date.

The investment properties of the Company represented land and warehouse for rental. Its fair value has been determined based on the valuation performed in 2023 and 2022 by an independent valuer using the income approach. Key assumptions used in the valuation included discount rate, yield rate, and rental rate which were summarised as follow:

	Consolidated / Separate financial statements		Result to fair value when an assumption rate increase
	2023	2022	
Discount rate (%)	12	15	Fair value decrease
Yield rate (%)	9	12	Fair value decrease
Rental rate per square meter per month (Baht)	120.0	120.0	Fair value increase

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

The subsidiary arranged for the independent valuer to appraise the value of land in 2023 and 2022, using the market approach. Key assumption used in the valuation is summarised below:

	Land of the subsidiary		Result to fair value when an assumption rate increase
	2023	2022	
Price per square wah (Baht)	1,000 – 1,625	1,000 – 1,625	Fair value increase

The majority of investment properties of the Company were placed as collateral against credit facilities granted by commercial banks.

Consolidated financial statements

(Unit: Thousand Baht)

	Revaluation basis	Cost basis						
		Land improvement	Building and building improvement	Machinery and equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under installation and construction in progress	Total
Cost/Revalued amount	Land							
1 January 2022	276,118	4,471	199,734	99,512	21,180	71,323	17,162	689,500
Acquisitions	268,469	1,213	2,161	6,592	3,720	5,253	22,650	310,058
Revaluations increase	39,125	-	-	-	-	-	-	39,125
Disposals / write-off	-	-	(34)	-	(3,972)	(2,030)	(1,137)	(7,173)
Transfer in / transfer out	-	1,428	27,469	23	-	5,506	(34,426)	-
Transfer to investment properties	(286,666)	(6,664)	(3,277)	-	-	-	(1,383)	(297,990)
31 December 2022	297,046	448	226,053	106,127	20,928	80,052	2,866	733,520
Acquisitions	-	-	189	9,978	5,293	9,454	18,907	43,821
Disposals / write-off	-	-	-	(95)	(1,841)	(3,642)	(579)	(6,157)
Transfer in / transfer out	-	-	2,605	509	362	11,243	(14,719)	-
31 December 2023	297,046	448	228,847	116,519	24,742	97,107	6,475	771,184

Consolidated financial statements (continued)

(Unit: Thousand Baht)

	Cost basis							Total
	Revaluation basis	Land	Land improvement	Building and building improvement	Machinery and equipment	Motor vehicles	Office furniture, fixtures and equipment	
Accumulated depreciation								
1 January 2022	-	263	86,216	70,468	15,315	50,685	-	222,947
Depreciation for the year	-	511	14,387	11,246	2,362	9,450	-	37,956
Transfer to investment properties	-	(502)	(280)	-	-	-	-	(782)
Depreciation for disposals / write-off	-	-	(4)	-	(3,957)	(2,214)	-	(6,175)
31 December 2022	-	272	100,319	81,714	13,720	57,921	-	253,946
Depreciation for the year	-	38	13,438	11,136	3,109	10,376	-	38,097
Depreciation for disposals / write-off	-	-	-	(92)	(1,841)	(3,445)	-	(5,378)
31 December 2023	-	310	113,757	92,758	14,988	64,852	-	286,665
Net book value								
31 December 2022	297,046	176	125,734	24,413	7,208	22,131	2,866	479,574
31 December 2023	297,046	138	115,090	23,761	9,754	32,255	6,475	484,519
Depreciation for the year								
2022 (Baht 15.8 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)								37,956
2023 (Baht 14.9 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)								38,097

Separate financial statements

(Unit: Thousand Baht)

	Revaluation basis	Cost basis						Total
	Land	Land improvement	Building and building improvement	Machinery and equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under installation and construction in progress	
Cost/Revalued amount	256,118	256	197,671	87,044	19,562	69,638	14,956	645,245
	-	192	1,574	2,466	39	5,012	17,971	27,254
	40,928	-	-	-	-	-	-	40,928
	-	-	-	-	(3,972)	(2,029)	(1,131)	(7,132)
	-	-	24,042	13	-	5,495	(29,550)	-
	297,046	448	223,287	89,523	15,629	78,116	2,246	706,295
	-	-	-	8,506	5,293	9,048	18,170	41,017
	-	-	-	(88)	(1,841)	(3,638)	-	(5,567)
	-	-	2,504	139	362	11,225	(14,230)	-
	297,046	448	225,791	98,080	19,443	94,751	6,186	741,745

Separate financial statements (continued)

(Unit: Thousand Baht)

	Cost basis							Total
	Revaluation basis	Land	Land improvement	Building and building improvement	Machinery and equipment	Motor vehicles	Office furniture, fixtures and equipment	
Accumulated depreciation								
1 January 2022	-	256	86,158	63,620	14,701	49,354	-	214,089
Depreciation for the year	-	16	13,901	8,500	1,522	9,228	-	33,167
Depreciation for disposals / write-off	-	-	-	-	(3,957)	(2,214)	-	(6,171)
31 December 2022	-	272	100,059	72,120	12,266	56,368	-	241,085
Depreciation for the year	-	38	13,149	8,291	2,135	10,198	-	33,811
Depreciation for disposals / write-off	-	-	-	(88)	(1,842)	(3,443)	-	(5,373)
31 December 2023	-	310	113,208	80,323	12,559	63,123	-	269,523
Net book value								
31 December 2022	297,046	176	123,228	17,403	3,363	21,748	2,246	465,210
31 December 2023	297,046	138	112,583	17,757	6,884	31,628	6,186	472,222
Depreciation for the year								
2022 (Baht 13.1 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)								33,167
2023 (Baht 12.2 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)								33,811

Had the land been carried in the financial statements based on historical cost, its value as of 31 December 2023 would have been Baht 167.6 million (2022: Baht 167.6 million).

As at 31 December 2023, certain items of buildings and equipment have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation amounted to Baht 203.9 million (the Company only: Baht 196.5 million) (2022: Baht 152.9 million and the Company only: Baht 151.4 million).

The Company has placed a part of its land with structures thereon with a carrying value as at 31 December 2023 of Baht 95.6 million (2022: Baht 100.4 million) as collateral to secure credit facilities granted by banks.

16. Leases

16.1 The Group as a lessee

The Group has lease contracts for assets used in its operations. Leases generally have lease terms between 1 – 6 years.

a) Right-of-use assets

Movements of right-of-use assets for 2023 and 2022 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land	Buildings	Equipment	Motor vehicle	Total
1 January 2022	555	8,263	22	19,720	28,560
Additions	–	7,414	–	5,276	12,690
Disposal during the year					
– net book value	–	–	–	(379)	(379)
Depreciation for the year	(216)	(8,644)	(22)	(6,838)	(15,720)
31 December 2022	339	7,033	–	17,779	25,151
Additions	244	45,706	–	4,069	50,019
Depreciation for the year	(237)	(12,626)	–	(6,297)	(19,160)
31 December 2023	346	40,113	–	15,551	56,010

(Unit: Thousand Baht)

	Separate financial statements				
	Land	Buildings	Equipment	Motor vehicle	Total
1 January 2022	555	8,263	22	19,491	28,331
Additions	–	7,414	–	5,276	12,690
Disposal during the year					
– net book value	–	–	–	(450)	(450)
Depreciation for the year	(216)	(8,644)	(22)	(6,623)	(15,505)
31 December 2022	339	7,033	–	17,694	25,066
Additions	244	45,706	–	4,069	50,019
Depreciation for the year	(237)	(12,626)	–	(6,188)	(19,051)
31 December 2023	346	40,113	–	15,575	56,034

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Lease payments	61,512	30,178	61,512	30,158
Less: Deferred interest expenses	(4,558)	(2,028)	(4,345)	(1,933)
Total	56,954	28,150	57,167	28,225
Less: Portion due within one year	(18,673)	(11,718)	(18,650)	(11,552)
Lease liabilities – net of current portion	38,281	16,432	38,517	16,673

Movements of the lease liability account during 2023 and 2022 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Balance at beginning of year	28,150	25,073	28,225	24,945
Additions	49,036	20,185	49,036	20,185
Accretion of interest	1,625	800	1,617	870
Repayments	(21,857)	(17,908)	(21,711)	(17,775)
Balance at end of year	56,954	28,150	57,167	28,225

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

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Depreciation expenses of right-of-use assets	19,160	15,720	19,051	15,505
Interest expenses on lease liabilities	1,625	800	1,617	870
Expenses relating to short-term leases	1,414	2,702	1,414	2,702
Expenses relating to leases of low-value assets	410	25	410	25

d) Others

The Group had total cash outflows for leases for 2023 of Baht 23.6 million (2022: Baht 20.6 million) (the Company only: Baht 23.5 million and 2022: Baht 20.5 million), including cash outflow related to short-term lease and leases of low-value assets.

16.2. Group as a lessor

Finance Lease

The Group has entered into finance leases for motor vehicles, machinery and equipment of the lease terms are between 3 to 5 years.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Current portion of lease receivables		Lease receivables – net of current portion and up to 5 years		Total	
	2023	2022	2023	2022	2023	2022
Undiscounted lease payments receivables under finance leases	4,430	4,591	2,886	6,995	7,316	11,586
Less: Deferred interest income	(222)	(438)	(50)	(242)	(272)	(680)
Investment in the finance leases	4,208	4,153	2,836	6,753	7,044	10,906
Less: Allowance for expected credit losses	–	–	–	–	–	–
Receivables from the finance leases – net	4,208	4,153	2,836	6,753	7,044	10,906

(Unit: Thousand Baht)

	Separate financial statements					
	Current portion of lease receivables		Lease receivables – net of current portion and up to 5 years		Total	
	2023	2022	2023	2022	2023	2022
Undiscounted lease payments receivables under finance leases	6,487	6,683	5,918	12,084	12,405	18,767
Less: Deferred interest income	(509)	(854)	(204)	(655)	(713)	(1,509)
Investment in the finance leases	5,978	5,829	5,714	11,429	11,692	17,258
Less: Allowance for expected credit losses	–	–	–	–	–	–
Receivables from the finance leases – net	5,978	5,829	5,714	11,429	11,692	17,258

Operating Lease

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

Future minimum lease payments expected to be received under non-cancellable operating lease as at 31 December 2023 and 2022 are as follows:

(Unit: Million Baht)

	As at 31 December	
	2023	2022
Receivable within:		
1 year	26.2	26.2
2 to 3 years	6.5	32.7
Total	<u>32.7</u>	<u>58.9</u>

17. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Computer software under installation	Total
Cost			
1 January 2022	25,798	903	26,701
Acquisition	397	205	602
Transfer in / transfer out	45	(45)	-
Write-off	-	(950)	(950)
31 December 2022	<u>26,240</u>	<u>113</u>	<u>26,353</u>
Acquisition	16	871	887
Transfer in / transfer out	225	(225)	-
31 December 2023	<u>26,481</u>	<u>759</u>	<u>27,240</u>
Accumulated amortisation			
1 January 2022	25,266	-	25,266
Amortisation during the year	535	-	535
31 December 2022	<u>25,801</u>	<u>-</u>	<u>25,801</u>
Amortisation during the year	266	-	266
31 December 2023	<u>26,067</u>	<u>-</u>	<u>26,067</u>
Net book value			
31 December 2022	<u>439</u>	<u>113</u>	<u>552</u>
31 December 2023	<u>414</u>	<u>759</u>	<u>1,173</u>

(Unit: Thousand Baht)

	Separate financial statements		
	Computer software	Computer software under installation	Total
Cost			
1 January 2022	25,403	903	26,306
Acquisition	397	205	602
Transfer in / transfer out	45	(45)	-
Write-off	-	(950)	(950)
31 December 2022	25,845	113	25,958
Acquisition	8	871	879
Transfer in / transfer out	225	(225)	-
31 December 2023	26,078	759	26,837
Accumulated amortisation			
1 January 2022	24,883	-	24,883
Amortisation during the year	523	-	523
31 December 2022	25,406	-	25,406
Amortisation during the year	265	-	265
31 December 2023	25,671	-	25,671
Net book value			
31 December 2022	439	113	552
31 December 2023	407	759	1,166

18. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated / Separate financial statements	
	2023	2022	2023	2022
Trust receipts	3.30 – 7.10	2.55 – 5.85	369,601	260,964
Promissory notes	7.10	5.25 – 5.85	3,751	87,522
			373,352	348,486

Short-term loans from financial institutions are secured by the mortgage of the majority of the Company's land with structures thereon and investment properties.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Trade accounts payable – related parties	629	147	36,028	16,090
Trade accounts payable – unrelated parties	39,252	22,331	32,510	15,542
Other payables – related person and parties	–	153	–	153
Other payables – unrelated parties	152,375	97,063	151,992	96,813
Accrued expenses – related parties	40	11	384	482
Accrued expenses – unrelated parties	114,888	84,806	109,830	80,992
Accrued managements benefits	1,750	1,190	1,750	1,190
Total trade and other payables	<u>308,934</u>	<u>205,701</u>	<u>332,494</u>	<u>211,262</u>

20. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Provision for long-term employee benefits at beginning of year	20,097	16,778	19,924	16,684
Included in profit or loss:				
Current service cost	3,697	3,275	3,350	3,199
Interest cost	331	276	326	273
Benefits paid during the year	<u>(755)</u>	<u>(232)</u>	<u>(510)</u>	<u>(232)</u>
Provision for long-term employee benefits at end of year	<u>23,370</u>	<u>20,097</u>	<u>23,090</u>	<u>19,924</u>

As at 31 December 2023, the Group expected to pay long-term employee benefits within the next one year amounting to Baht 1.36 million (the Company only: Baht 1.36 million) (2022: Baht 0.33 million and the Company only: Baht 0.33 million).

As at 31 December 2023 and 2022, the weighted average duration of the liabilities for the long-term employee benefit obligation of the Group is 8.2 – 19.4 years (the Company only: 8.2 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Discount rate	1.64 and 2.86	1.64 and 2.86	1.64	1.64
Salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate	14.00 – 52.00	14.00 – 52.00	14.00 – 52.00	14.00 – 52.00

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2023 and 2022 are summarised below:

(Unit: Million Baht)

	2023			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rates	(1,710)	1,933	(1,664)	1,877
Salary increase rate	2,488	(2,217)	2,426	(2,166)
Turnover rates	(1,835)	501	(1,783)	468

(Unit: Million Baht)

	2022			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rates	(1,496)	1,688	(1,468)	1,653
Salary increase rate	1,949	(1,751)	1,912	(1,721)
Turnover rates	(1,663)	394	(1,566)	372

21. Share capital

On 3 August 2023, the Extraordinary General Meeting of shareholders of the Company passed and approved the following resolutions:

1. A decreasing in share capital of the Company by Baht 1,190 through cancellation of 1,984 unissued ordinary shares with a par value of Baht 0.60 each.

The Company registered the decrease of its share capital with the Ministry of Commerce on 7 August 2023.

2. An increasing in share capital by Baht 132 million from Baht 528 million to Baht 660 million through the issuance of 220 million new ordinary shares with a par value of Baht 0.60 each.

The Company registered the increase of its share capital with the Ministry of Commerce on 8 August 2023.

3. Allocation of 220 million newly issued ordinary shares with a par value of Baht 0.60 each through private placement to two entities (each of which is related as concert party) at a price of Baht 7.25 per share, or a total of Baht 1,595 million, and with share premium of Baht 1,463 million.

The Company must complete the offering of such shares within the period approved by the shareholders' meeting which must not exceed 3 months from the date that the shareholders' meeting pass the resolution to approve such offering of shares.

On consequent of the Company's Board of Directors Meeting no.4/2023 held on 22 May 2023 passed a resolution to approve the decreasing in registered share capital, the increasing in registered share capital and the allocation of newly issued ordinary shares through private placement, the Extraordinary General Meeting of shareholders of the Company approved such resolutions on 3 August 2023.

On 11 October 2023, the Company allocated 220 million newly issued ordinary shares with a par value of Baht 0.60 each through private placement to two entities (each of which is related as concert party) at a price of Baht 7.25 per share, or a total of Baht 1,595 million pursuant to the resolution of the Extraordinary General Meeting of shareholders held on 3 August 2023. The details of the allocation were as follow:

- allocation of 198 million ordinary shares to Wellsiam Co., Ltd., a company incorporated in Thailand and wholly owned by Marubeni Corporation, representing 18% of the total number of shares after the capital increase.
- allocation of 22 million ordinary shares to QPE Fund 1 Limited, a company incorporated in Hong Kong Special Administrative Region and wholly owned by Quadriga Private Equity Company limited, representing 2% of the total number of shares after the capital increase.

On 11 October 2023, the Company received a full payment of share capital and registered the change of paid-up capital with the Ministry of Commerce on 12 October 2023.

On consequent of the Company's Minutes of Board of Directors Meeting no. 4/2023 held on 22 May 2023, the offering price of newly issued shares was determined definitively approved by the Extraordinary General Meeting of shareholders' meeting for the offering price of Baht 7.25 per share. Pursuant to the notification of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures Governing the Listing of Ordinary or Preferred Shares Issued for Capital Increase B.E. 2558 (and as amended) ("Notification of SET"), the Company was required to calculate the market price, which was the weighted average price of the Company's shares on the Stock Exchange of Thailand over 7 to 15 consecutive trading days prior to the first day of private placement offering, in order to determine whether such offering to investors was prohibited (Silent Period). The market price during the period of 20 September 2023 and 10 October 2023 (15 business days) was equal to Baht 10.93 per share. Therefore, the offering price of the newly issued ordinary shares of Baht 7.25 per share was lower than 90% of the weighted average price of the Company's shares. According to the Notification of SET, the Company had a duty to prohibit the investors from selling all newly issued ordinary shares received from the offering in the amount and period (Silent Period) as follows.

(1) prohibited the investors which were Wellsiam Co., Ltd. from selling 198 million newly issued shares, and QPE Fund 1 Limited from selling 22 million newly issued shares during the period of 6 months from the first trading day of the newly issued shares on the Stock Exchange of Thailand.

(2) At the expiration of the period under (1), the investors can gradually sell the prohibited shares in the amount of 25% of the total number of shares. Wellsiam Co., Ltd. can gradually sell the prohibited shares in the amount of not exceeding 49.5 million shares and QPE Fund 1 Limited can gradually sell the prohibited shares in the amount of not exceeding 5.5 million shares, and the remaining 75% of the prohibited shares can be sold after a period of 1 year from the first trading day of the Company's newly issued shares on Stock Exchange of Thailand.

However, each investor voluntarily agreed to not sell newly issued ordinary shares (Voluntary Silent) within 3 years from the date on which such newly issued ordinary shares began trading in the stock exchange. Such newly issued ordinary shares began trading in the stock exchange on 1 November 2023.

The Company entered into Business Alliance Agreement with Marubeni Corporation to jointly promoting and developing cosmetic business in long term and the Company is required to comply with conditions as stipulated in the agreement.

22. Income tax expense/Deferred tax assets/Deferred tax liabilities

Income tax expense for 2023 and 2022 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Current income tax:				
Current income tax charge	130,103	76,617	127,469	76,324
Adjustment in respect of income tax of previous year	–	(240)	–	(240)
Deferred tax:				
Relating to origination and reversal of temporary differences	14,614	8,133	14,661	8,133
Income tax expenses reported in profit or loss	<u>144,717</u>	<u>84,510</u>	<u>142,130</u>	<u>84,217</u>

The amounts of income tax relating to each component of other comprehensive income for 2023 and 2022 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Deferred tax on change in revaluation surplus of asset	<u>–</u>	<u>8,185</u>	<u>–</u>	<u>8,185</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Accounting profit before tax	<u>807,888</u>	<u>409,906</u>	<u>746,561</u>	<u>412,124</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	161,578	81,981	149,312	82,425
Adjustment in respect of income tax of previous year	–	(240)	–	(240)
Effects of:				
Non-deductible expenses	(5,593)	3,261	(5,573)	3,255
Additional deductible expenses allowed	(1,978)	(1,426)	(1,609)	(1,223)
Tax loss utilisation	(353)	–	–	–
Tax losses	28	866	–	–
Share of profit from investments in joint ventures and associate	(10,065)	(221)	–	–
Tax effect of intercompany eliminations	1,100	289	–	–
Total	<u>(16,861)</u>	<u>2,769</u>	<u>(7,182)</u>	<u>2,032</u>
Income tax expense reported in profit or loss	<u>144,717</u>	<u>84,510</u>	<u>142,130</u>	<u>84,217</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Deferred tax assets				
Allowance for expected credit losses	633	579	633	579
Allowance for diminution in value of inventories	6,589	9,100	6,305	8,842
Provision for long-term employee benefits	4,674	3,876	4,618	3,841
Lease	11,433	2,461	11,433	2,461
Provision of right to return goods	4,630	5,481	4,630	5,481
Total	<u>27,959</u>	<u>21,497</u>	<u>27,619</u>	<u>21,204</u>

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Deferred tax assets				
Surplus in fair value of investment properties	29,695	28,715	29,695	28,715
Surplus on revaluation of land	25,882	25,882	25,882	25,882
Surplus of fair value of investment properties transferred to land and building	2,664	3,152	2,664	3,152
Unrealised fair value gain on investments in equity instruments	16,905	–	16,905	–
Leases	8,092	3,539	8,092	3,539
Goods expected to be returned by customers	1,184	2,058	1,184	2,058
Total	84,422	63,346	84,422	63,346
Deferred tax liabilities – net	(56,463)	(41,849)	(56,803)	(42,142)
Presented in the statements of financial position as follows:				
Deferred tax assets	340	293	–	–
Deferred tax liabilities	(56,803)	(41,142)	(56,803)	(42,142)
Net deferred tax liabilities	(56,463)	(41,849)	(56,803)	(42,142)

As at 31 December 2023, the subsidiary had unused tax losses totaling Baht 5.6 million (2022: Baht 8.4 million), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the subsidiary amounting to Baht 5.6 million (2022: Baht 8.4 million) will expire by 2026.

23. Finance income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Interest income on bank deposits	6,999	29	6,988	26
Interest income on loans	92	44	855	547
Interest income on leases	408	311	796	516
Total	7,499	384	8,639	1,089

24. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Interest expenses on borrowings	12,680	12,439	12,385	12,301
Interest expenses on lease liabilities	1,625	800	1,617	870
Others	1,257	1,305	1,301	1,296
Total	15,562	14,544	15,303	14,467

25. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Salaries and wages and other employee benefits	318,124	268,777	295,904	248,867
Depreciation	57,257	53,676	52,862	48,672
Amortisation	266	535	265	523
Loss on expected credit losses (reversal)	(5,708)	802	(4,979)	713
Advertising and sales promotion expenses	145,192	115,554	145,192	115,554
Loss on cost reduction of inventories to net realisable value	(12,558)	4,365	(12,686)	3,817
Reversal of allowance for impairment of investment in joint venture	–	–	(3,563)	–
Rental expenses from operating lease agreements	1,414	2,702	1,414	2,702
Raw materials and consumables used	1,137,056	957,750	1,136,714	957,473
Purchase of goods	1,152,198	944,416	1,310,534	1,068,437
Changes in finished goods and work in process	71,033	85,282	69,118	85,975

26. Earnings per share

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

27. Revaluation surplus of assets

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

28. Dividends Paid

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2022	Annual General Meeting of the shareholders on 24 April 2023	70,397	0.08
Interim dividends for:			
First quarter of 2023	Board of Directors' meeting on 11 May 2023	70,398	0.08
Second quarter of 2023	Board of Directors' meeting on 10 August 2023	79,200	0.09
Third quarter of 2023	Board of Directors' meeting on 13 November 2023	98,999	0.09
Total dividends for 2023		<u>318,994</u>	
Final dividends for 2021	Annual General Meeting of the shareholders on 25 April 2023	52,800	0.06
Interim dividends for:			
First quarter of 2022	Board of Directors' meeting on 13 May 2022	52,800	0.06
Second quarter of 2022	Board of Directors' meeting on 11 August 2022	44,000	0.05
Third quarter of 2022	Board of Directors' meeting on 14 November 2022	61,598	0.07
Total dividends for 2022		<u>211,198</u>	

29. Statutory reserve

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

30. Segment information

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

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

- Manufacture and distribution of consumer products
- Warehouse for rental
- Investment properties and distribution of by-products and agriculture

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

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

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

Revenue, profit, total assets and total liabilities information regarding the Group's operating segments for the years ended and as at 31 December 2023 and 2022, are as follow:

(Unit: Thousand Baht)

	Manufacture and distribution of consumer products		Warehouse rental		Investment properties and distribution of by-products and agriculture		Adjustments and elimination		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from external customers	2,397,387	1,838,662	26,152	24,907	140	106	-	-	2,423,679	1,863,675
Cost of sales and services	(1,148,524)	(954,303)	(122)	(97)	(162)	(141)	-	-	(1,148,808)	(954,541)
Segment gross profit (loss)	1,248,863	884,359	26,030	24,810	(22)	(35)	-	-	1,274,871	909,134
Increase in fair value of investment properties	-	-	4,900	35,200	241	-	-	-	5,141	35,200
Loss on diminution in value of properties transferred to investment properties	-	-	-	-	-	(1,803)	-	-	-	(1,803)
Increase in value of investments in equity instruments	84,523	-	-	-	-	-	-	-	84,523	-
Other income	19,157	6,017	-	-	12,665	5,465	-	-	31,822	11,482
Selling and administrative expenses	(621,992)	(523,863)	-	-	(8,737)	(7,189)	-	-	(630,729)	(531,052)
Share of gain from investments in joint ventures and associate	50,325	1,105	-	-	-	-	-	-	50,325	1,105
Finance income	7,497	384	-	-	-	-	-	-	7,497	384
Finance cost	(15,314)	(14,467)	-	-	(248)	(77)	-	-	(15,562)	(14,544)
Income tax expense	(138,531)	(72,508)	(6,186)	(12,002)	-	-	-	-	(144,717)	(84,510)
Segment profit (loss)	<u>634,528</u>	<u>281,026</u>	<u>24,744</u>	<u>48,008</u>	<u>3,899</u>	<u>(3,639)</u>	<u>-</u>	<u>-</u>	<u>663,171</u>	<u>325,395</u>
Segment total assets	<u>3,774,332</u>	<u>1,657,439</u>	<u>161,800</u>	<u>156,900</u>	<u>313,787</u>	<u>308,380</u>	<u>-</u>	<u>-</u>	<u>4,249,919</u>	<u>2,122,719</u>
Investments in joint ventures and associate accounted for under equity method	236,655	182,209	-	-	-	-	-	-	236,655	182,209
Additions to non-current assets other than financial instruments and deferred tax assets	97,230	33,679	4,900	35,200	7,280	272,930	-	-	109,410	341,809
Segment total liabilities	<u>926,218</u>	<u>738,975</u>	<u>-</u>	<u>-</u>	<u>59,251</u>	<u>56,948</u>	<u>(40,000)</u>	<u>(38,000)</u>	<u>945,469</u>	<u>757,923</u>

Geographic information

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

Major customers

In the year 2023, the Group has revenue from a group of customers in the amount of Baht 252 million, arising from sales by the manufacture and distribution of consumer products segment (2022: Baht 341 million derived from a group of major customers, arising from sales by the manufacture and distribution of consumer products segment).

31. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at a rate of 2 percent of basic salary. The fund, which is managed by SCB Asset management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. In 2023, the Group contributed Baht 2.45 million to the fund (the Company only: Baht 2.28 million) (2022: Baht 1.92 million and the Company only: Baht 1.85 million).

32. Commitment and contingent liabilities

32.1 Lease and service agreements commitments

The Group had future minimum payments required under these non-cancellable leases contracts that have not yet commenced and leases that have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, and non-cancellable service agreements as follows

(Unit: Million Baht)

	As at 31 December	
	2023	2022
Payable :		
Within 1 year	23.5	17.7
Over 1 and up to 3 years	7.1	14.9

32.2 Capital commitments

As at 31 December 2023, the Group had commitments related to the purchases of land and computer software, totalling Baht 25.4 million (the Company only: Baht 25.4 million) (2022: Nil and the Company only: Nil).

32.3 Bank guarantees

As at 31 December 2023, there were outstanding bank guarantees of Baht 0.6 million (2022: Baht 0.5 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of their business

32.4 Litigation

On 21 August 2022, a warehousing and logistics management service provider filed a lawsuit against the Company with the Civil Court, claiming for damages of Baht 43.36 million because the Company failed to make payments for warehouse service fees for the period from April 2021 to September 2021 as well as damages arising from the purported unlawful termination of the agreement. Subsequently, the Company filed a testimony and counterclaim, asserting its position and demanding payment for damages of Baht 30.61 million, contending that the Company did not breach the agreement. Subsequently on 25 December 2023, the Civil Court ruled the Company to pay for service fees including penalty, damages and interest totaling Baht 19.9 million. Currently, the case is under appealed. The management believes that the Company will have to pay for some of services and damages, and has recorded an additional provision of Baht 7.6 million for contingent liabilities in 2023, in addition to service fee of Baht 2.3 million previously recorded in 2021.

33. Fair value hierarchy

As at 31 December 2023 and 2022, the Group had assets that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated Financial Statements			
	31 December 2023			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured fair value through profit or loss				
– Listed equity investments	143,058	–	–	143,058
Investment properties	–	–	474,712	474,712
Land	–	–	297,046	297,046

(Unit: Thousand Baht)

	Consolidated Financial Statements			
	31 December 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	–	–	454,108	454,108
Land	–	–	297,046	297,046

(Unit: Thousand Baht)

	Separate Financial Statements			
	31 December 2023			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured fair value through profit or loss				
– Listed equity investments	143,058	–	–	143,058
Investment properties	–	–	170,084	170,084
Land	–	–	297,046	297,046

(Unit: Thousand Baht)

	Separate Financial Statements			
	31 December 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	–	–	156,900	156,900
Land	–	–	297,046	297,046

34. Financial instruments

34.1 Financial risk management objective and policies

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

Credit risk

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

Trade accounts receivable

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

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

Financial instruments and cash deposits

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

Market risk

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

As at 31 December 2023 and 2022, the Group had no foreign exchange forward contracts outstanding.

Foreign currency risk

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

As at 31 December 2023 and 2022, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Currency	Financial assets		Financial liabilities		Average exchange rate	
	2023	2022	2023	2022	2023	2022
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	0.02	–	0.44	1.76	34.2233	34.5624
EUR	–	–	0.01	–	38.0334	36.8274
JPY	–	0.06	–	–	0.2423	0.26091
CNY	–	–	3.48	0.71	4.8071	4.9664

Foreign currency sensitivity

The following information demonstrated the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities as at 31 December 2023 and 2022. The Group's exposure to foreign currency changes for all other currencies is not material. This information is not a forecast or prediction of future market conditions and should be used with care.

Currency	2023		2022	
	Increase/Decrease	Effect on profit before tax	Increase/Decrease	Effect on profit before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
US Dollar	+10	(1,448)	+10	(6,104)
	– 10	1,448	– 10	6,104

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its loan to short-term borrowings. 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 an appropriate balanced portfolio of fixed and variable rate loans and borrowings.

As at 31 December 2023 and 2022, significant financial assets and liabilities classified by type of interest rate are summarised 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 2023						
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
	(% p.a.)					
Financial Assets						
Cash and cash equivalents	0.50 - 1.75	-	-	839	3	842
Trade and other receivables	-	-	-	-	517	517
Lease receivables	5.56 - 10.72	4	3	-	-	7
Short-term loans to related party	2.00	19	-	-	-	19
Investments in fixed deposits	1.80 - 1.95	795	-	-	-	795
		818	3	839	520	2,180
Financial liabilities						
Short-term loans from financial institutions	3.30 - 7.10	373	-	-	-	373
Trade and other payables	-	-	-	-	309	309
Short-term loans from related parties and persons	2.00	16	-	-	-	16
Lease liabilities	1.39 - 3.53	19	38	-	-	57
		408	38	-	309	755

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2022						
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
	(% p.a.)					
Financial Assets						
Cash and cash equivalents	0.25 - 0.35	-	-	10	18	28
Trade and other receivables	-	-	-	-	412	412
Lease receivables	5.56 - 10.72	4	7	-	-	11
		4	7	10	430	451
Financial liabilities						
Short-term loans from financial institutions	2.55 - 5.85	348	-	-	-	348
Trade and other payables	-	-	-	-	206	206
Short-term loans from related parties and persons	2.00	22	-	-	-	22
Lease liabilities	1.39 - 3.53	12	16	-	-	28
		382	16	-	206	604

(Unit: Million Baht)

Separate financial statements as at 31 December 2023						
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
	(% p.a.)					
Financial Assets						
Cash and cash equivalents	0.50 - 1.75	-	-	827	2	829
Trade and other receivables	-	-	-	-	543	543
Lease receivables	5.56 - 10.72	6	6	-	-	12
Short-term loans to related party	2.00	59	-	-	-	59
Investments in fixed deposits	1.80 - 1.95	795	-	-	-	795
		860	6	827	545	2,238
Financial liabilities						
Short-term loans from financial institutions	3.30 - 7.10	373	-	-	-	373
Trade and other payables	-	-	-	-	332	332
Lease liabilities	1.39 - 3.53	19	38	-	-	57
		392	38	-	332	762

(Unit: Million Baht)

Separate financial statements as at 31 December 2022						
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
	(% p.a.)					
Financial Assets						
Cash and cash equivalents	0.25 - 0.35	-	-	6	7	13
Trade and other receivables	-	-	-	-	423	423
Lease receivables	5.56 - 10.72	6	11	-	-	17
Short-term loans to related party	2.00	38	-	-	-	38
		44	11	6	430	491
Financial liabilities						
Short-term loans from financial institutions	2.55 - 5.85	348	-	-	-	348
Trade and other payables	-	-	-	-	211	211
Short-term loans from related parties and persons	2.00	8	-	-	-	8
Lease liabilities	1.39 - 3.53	11	17	-	-	28
		367	17	-	211	595

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of account payables and other payables, bank loans and lease contracts. Approximately 87% of the Group's debts will mature in less than one year at 31 December 2023 (2022: 90%) (the Company only: 88% and 2022: 89%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debts and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The following information summarises the maturity profile of the Group's financial liabilities as at 31 December 2023 and 2022 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements 31 December 2023				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans from financial institutions	–	373,352	–	–	373,352
Trade and other payables	–	308,934	–	–	308,934
Short-term loans from related parties and persons	16,000	–	–	–	16,000
Lease liabilities	–	18,673	38,281	–	56,954
Total	16,000	700,959	38,281	–	755,240

(Unit: Thousand Baht)

	Consolidated financial statements 31 December 2022				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans from financial institutions	–	348,486	–	–	348,486
Trade and other payables	–	205,701	–	–	205,701
Short-term loans from related parties and persons	22,300	–	–	–	22,300
Lease liabilities	–	11,718	16,433	–	28,151
Total	22,300	565,905	16,433	–	604,638

(Unit: Thousand Baht)

	Separate financial statements 31 December 2023				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans from financial institutions	-	373,352	-	-	373,352
Trade and other payables	-	332,494	-	-	332,494
Lease liabilities	-	18,650	38,517	-	57,167
Total	-	724,496	38,517	-	763,013

(Unit: Thousand Baht)

	Separate financial statements 31 December 2022				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans from financial institutions	-	348,486	-	-	348,486
Trade and other payables	-	211,262	-	-	211,262
Short-term loan from related party	8,300	-	-	-	8,300
Lease liabilities	-	11,552	16,673	-	28,225
Total	8,300	571,300	16,673	-	596,273

34.2 Fair values of financial instruments

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

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

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

35. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value and it meets financial covenants attached to the loan agreements. The Group has complied with these covenants throughout the reporting periods.

As at 31 December 2023, the Group's debt-to-equity ratio was 0.3:1 (2022: 0.6:1) and the Company's was 0.3:1 (2022: 0.6:1).

36. Events after the reporting period

On 28 February 2024, the Company's Board of Directors meeting passed and approved the following resolutions:

1. Dividends paid for 2023 of Baht 358.6 million to its shareholders. After deducting the interim dividends of Baht 248.6 million, the final dividend is Baht 110 million (1,100 million ordinary shares at Baht 0.10 each). Payments of dividend will be made on 24 May 2024.
2. Stock dividends paid of ordinary shares of the Company not exceeding 220 million shares with a par value of Baht 0.60 each to its shareholders in the ratio of 5 current shares for 1 dividend share, totalling not exceeding Baht 132 million and additional dividends paid at a rate of Baht 0.012 per share not exceeding Baht 13.2 million (to accommodate a 10% withholding tax on dividends), totalling not exceeding Baht 145.2 million from its retained earnings as at 30 June 2024.
3. An increasing in its share capital by Baht 132 million from Baht 660 million to Baht 792 million through the issuance of 220 million new ordinary shares with a par value of 0.6 each to accommodate the stock dividends paid of not exceeding 220 million shares.

These will be proposed to the Annual General Meeting of Shareholders on 26 April 2024 for consideration and approval.

37. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee and the Company's Board of Directors on 28 February 2024.

PART 4

CERTIFICATION OF INFORMATION



Section 4: Data Accuracy Certification

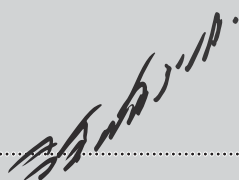
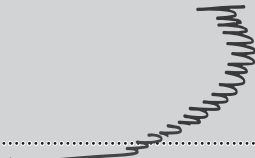

The Company has diligently examined the information in the current year's data presentation with caution. The Company hereby certifies that the aforementioned information is accurate, complete, not misleading, and does not cause material misstatements for others. Furthermore, the Company certifies that

1. Financial Statements and Financial Information summarized in the data presentation for the fiscal year accurately and comprehensively depict essential details regarding the financial position, operational results, and cash flows of both the Company and its subsidiaries.

2. The Company has implemented a robust disclosure system to ensure accurate and comprehensive disclosure of crucial information concerning both the Company and its subsidiaries. Additionally, controls are in place to oversee adherence to this system.

3. The Company has established an effective internal control system and ensures compliance with the system. Information regarding the assessment of the internal control system has been communicated to the Company's auditors and the Audit Committee as of December 31, 2023. This covers significant deficiencies, changes in the internal control system, and any unauthorized actions that may impact the preparation of the financial reports for both the Company and its subsidiaries.

In this instance, as evidence that all documents constitute the same set as certified by the Company, Ms. Suwannee Tharacheewin has been appointed to sign her name as the signatory on every page of this document. In the absence of the signature of Ms. Suwannee Tharacheewin on any document, the Company will consider it as not being part of the information that the Company has certified as accurate.

Name	Position	Signature
1. Mr. Wiwat Theekhakhirikul	CEO and MD (Acting)	
2. Mr. Wongwiwat Theekhakhirikul	Director and Assistant MD	
<u>Authorized Representative</u> Miss. Suwannee Tharacheewin	Assistant Managing Director of Accounting Division	

PART 5

ATTACHMENTS





DETAILS OF DIRECTORS, EXECUTIVES, AND PERSONS ASSIGNED TO THE HIGHEST RESPONSIBILITIES IN ACCOUNTING AND FINANCE, AND AUTHORIZED PERSONS IN CORPORATE SECRETARY









Mr. Wiwat Theekhakhirikul*

Position

Chairman of the Board, Chief Executive Officer, Managing Director (Acting) and Investment Committee

- Chairman of the Board (Appointed on 22 April, 2021)
- Investment Committee (Appointed on 13 November, 2023)

Age (Year) 71

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

Educational Background	Mining Engineering, Chulalongkorn University, Commencement Year 1974 Bachelor of Political Sciences Major in Political, Ramkamhaeng University Year 2002 National Defense College Class 2004
Special Course	Advanced Certificate in Public Economic Management for Executives [Gen.1] – King Prajadhipok's Institute
Family Relationship between Directors and Executives	1. Father of <ul style="list-style-type: none"> 1.1 Mr. Wongwiwat Theekhakhirikul, Director and Assistant Managing Director of Business Development Division 1.2 Mrs. Chonthida Sathawornwichit, Assistant Managing Director of Marketing Division 1.3 Mr. Pongwiwat Theekhakhirikul, Assistant Managing Director of Marketing Division, and Head of Product Development Department 2. Uncle of Mr. Parit Teekakirikul, a director
Experience	2020 – Present Director of Pa Donphutsa Co.,Ltd. 2016 – Present Director of The Iconic Property Charan sanit wong13 Co.,Ltd. 2016 – Present Director of The Iconic Property Phetkasem Co.,Ltd. 2016 – Present Director of Bangwaek Condominium Co.,Ltd. 2014 – Present Director of The Iconic Property Co.,Ltd. 2013 – Present Chief Executive Officer of Karmarts Public Co.,Ltd. 2004 – Present Chairman of the board of Karmarts Public Co.,Ltd. 1982 – 2012 Managing Director of Karmarts Public Co.,Ltd.
Being member of the Board or Executive Officer in other companies	1. Listed Companies in the Stock Exchange of Thailand – None – 2. Non-Listed Companies: 5 companies
Being member of other organization that may present any conflict of interest to or competition with the Company	– None –



Lt.Gen. Kobboon Vichit

Position

Chairman of the Audit Committee, Independent Director, and Director

- Chairman of the Audit Committee (Appointed on 20 January, 2012)
- Director (Appointed on 24 April, 2023)

Age (Year) 77

Educational Background Master of Public Administration, National Institute of Development Administration (NIDA)

Family Relationship between Directors and Executives – None –

Experience

2011 – Present	Director of Karmarts Public Co.,Ltd.
2007 – 2008	Senior Army Advisor
2005 – 2007	Army Air Defense Operation Center, Commanding General

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand – None –
2. Non-Listed Companies – None –

Being member of other organization that may present any conflict of interest to or competition with the Company
– None –



Mr. Kraiwit Satayapiwat*

Position

Director, Deputy Managing Director of Manufacturing and Warehouse (Rayong Site)

— Director (Appointed on 22 April, 2021)

Age (Year) 67

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

Educational Background Bachelor of Engineering Major in Mechanical, Chulalongkorn University

Family Relationship between Directors and Executives — None —

Experience

2014 – Present	Director of J Kos Laboratories Co.,Ltd.
2006 – Present	Deputy Managing Director of Karmarts Public Co.,Ltd.
1988 – Present	Director of Karmarts Public Co.,Ltd.

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies: 1 company

Being member of other organization that may present any conflict of interest to or competition with the Company
— None —



Mr. Prasit Dheeraratbongkot

Position

Independent Director, Audit Committee and Director

– Director (Appointed on 25 April, 2022)

Age (Year) 69

Educational Background Bachelor of Engineering (Electrical Engineering), Chulalongkorn University

Special Course Directors Certification Program (DCP62) Thai Institute of Directors

Family Relationship between Directors and Executives – None –

Experience

2023 – Present	Consultant at RPCG Public Co.,Ltd.
2021 – Present	Director of Equator Solar Capital Co., Ltd.
2015 – 2023	Chairman of the Audit Committee and Independent Director at RPCG Public Co.,Ltd.
2008 – Present	Director of Karmarts Public Co.,Ltd.
1997 – Present	Managing Director of Puregreen Co.,Ltd.

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand: 1 company
2. Non-Listed Companies: 2 companies

Being member of other organization that may present any conflict of interest to or competition with the Company
– None –



Puttithorn Jirayus, Ph.D.

Position

Independent Director, Audit Committee,
and Director

— Director (Appointed on 25 April, 2022)

Age (Year) 48

Educational Background	PhD (English Program) in Business Administration Institute of International Studies – Ramkhamhaeng University MBA Major in Management at Sasin Graduate Institute of Business Administration of Chulalongkorn University B.B.A in International Marketing American Intercontinental University (London)
Family Relationship between Directors and Executives	— None —
Experience	
2023 – Present	Advisor of President, Southeast Asia University
2019 – 2023	Dean of Graduate School, Southeast Asia University
2017 – 2019	Dean of Graduate School, Dusit Thani College
2012 – 2017	Faculty Member – Graduate School Stamford International University
2009 – 2012	Director of Business Administration Program of Stamford International University
2004 – Present	Director of Karmarts Pub Co., Ltd.
1999 – 2009	Deputy Managing Director of S.P. Home Center Co., Ltd.
2004 – 2008	Director of D. E. Capital Pub Co., Ltd
Being member of the Board or Executive Officer in other companies	
	1. Listed Companies in the Stock Exchange of Thailand — None — 2. Non-Listed Companies — None —
Being member of other organization that may present any conflict of interest to or competition with the Company	— None —



Mr. Wongwiwat Theekhakhirikul*

Position

Director, Investment Committee and Assistant Managing Director of Business Development Division

- Director (Appointed on 24 April, 2023)
- Investment Committee (Appointed on 13 November, 2023)

Age (Year) 41

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

Educational Background Bachelor of Engineering, Chulalongkorn University

Family Relationship between Directors and Executives Son of Mr. Wiwat Theekhakhirikul

Experience

2021 – Present	Director of JKF Global Co.,Ltd
2014 – Present	Director of J Kos Laboratories Co.,Ltd
2011 – Present	Director of Karmarts Public Co.,Ltd.
2010 – 2011	Business Development Director of Karmarts Public Co.,Ltd.
2008 – 2009	Business Development Manager of Karmarts Public Co.,Ltd.
2007	Director of Konthai Today Co.,Ltd.

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies: 2 company

Being member of other organization that may present any conflict of interest to or competition with the Company

— None —



Mr. Parit Teekakirikul

Position

Director (Appointed on 25 April, 2022)

Age (Year) 41

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

Family Relationship between Directors and Executives Nephew of Mr. Wiwat Theekhakhirikul

Experience

2020 – 2021	Director of Pa Donphutsa Co.,Ltd.
2016 – Present	Director of The Iconic Property Charan sanit wong13 Co.,Ltd.
2016 – Present	Director of The Iconic Property Phetkasem Co.,Ltd.
2016 – Present	Director of Bangwaek Condominium Co.,Ltd.
2014 – Present	Director of The Iconic Property Co.,Ltd.
2005 – Present	Director of Karmarts Public Co.,Ltd.
	Director of Inspire Property Co.,Ltd.

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand – None –
2. Non-Listed Companies: 5 companies

Being member of other organization that may present any conflict of interest to or competition with the Company
– None –



Mr. Seah Sin Loo

Position

Director (Appointed on 24 April, 2023)

Age (Year) 73

Educational Background Secondary

Family Relationship between Directors and Executives – None –

Experience

Overs 20 years of experience in the importation and exportation of electrical appliance
2001 – Present Director of Karmarts Public Co.,Ltd.

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand – None –
2. Non-Listed Companies – None –

Being member of other organization that may present any conflict of interest to or competition with the Company
– None –



Miss. Eiko Shirai

Position

- Director (Appointed on 11 August, 2023)
- Investment Committee
(Appointed on 13 November, 2023)

Age (Year) 49

Educational Background School of Education, Department of Social Studies–Social Science Major, Waseda University

Family Relationship between Directors and Executives – None –

Experience

2023 – Present	Director of Karmarts Public Co.,Ltd.
2022 – Present	General Manager, Marubeni Corporation
2018 – 2022	Corporate Officer, ARUHI Corporation
2012 – 2018	Corporate Officer, ASAHI TEC Corporation
2006 – 2012	Manager, HOYA Corporation
2003 – 2006	Manager, Industrial Revitalization Corporation of Japan
1998 – 2003	Analyst, Corporate Directions, Inc
1996 – 1998	Associate, CSK Venture Capital Company (transferred to CSK Corporation, parent company of CSK-VC)

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand – None –
2. Non-Listed Companies – None –

Being member of other organization that may present any conflict of interest to or competition with the Company
– None –



Mr. Chavapas Ongmahutmongkol

Position

- Director (Appointed on 11 August, 2023)
- Investment Committee
(Appointed on 13 November, 2023)

Age (Year) 46

Educational Background	MBA, Harvard Business School M.Sc, Industrial and Operations Engineering, University of Michigan, Ann Arbor B.Eng., Industrial Engineering, Sirindhorn International Institute of Technology, Thammasat University
Special Course	Director Certification Program #88 and #272
Family Relationship between Directors and Executives	– None –
Experience	<p>2023 – Present Director of Karmarts Public Co.,Ltd.</p> <p>2023 – Present Director, QPE Fund 1 Limited (Hong Kong)</p> <p>2021 – Present Director, M Quality Product Co., Ltd.</p> <p>2021 – Present Director, M Novation Plus Co., Ltd</p> <p>2021 – Present Director, M Med Pharma Co., Ltd.</p> <p>2021 – Present Director, Tanjai D Money Transfer Co., Ltd.</p> <p>2019 – Present Managing Partner and Chief Investment Officer, Quadriga Private Equity Co., Ltd.</p> <p>2018 – Present Director and Chief Investment Officer, B52 Capital (Public) Co., Ltd.</p> <p>2018 – Present Chairman of the Risk Committee, Audit Committee, Independent Director, Jakpaison Estate (Public) Co., Ltd.</p> <p>2018 – Present Co-Founder, Harvard Business School Alumni Angels of Thailand</p> <p>2017 – Present Vice President, Harvard Business School Alumni Association of Thailand</p> <p>2014 – Present Co-Founder and Director, Sasin Bangkok Venture Club.</p> <p>2014 – Present Vice President, Harvard Club of Thailand</p> <p>2009 – 2019 Co-Founder and Managing Director, PrimeStreet Advisory and PrimeStreet Consulting.</p>
Being member of the Board or Executive Officer in other companies	<p>1. Listed Companies in the Stock Exchange of Thailand 1 company</p> <p>2. Non-Listed Companies 8 companies</p>
Being member of other organization that may present any conflict of interest to or competition with the Company	– None –



Mrs. Tussanee Auncharoen

Position

Investment Committee and Deputy Managing
Director of Accounting and Finance Division

Age (Year) 63

Educational Background	Bachelor of Education (B.Ed.), Major Mathematics, Sri Nakharinwirot University Bachelor of Business Administration Major General Management, Sukhothai Thammathirat University
Special course	Corporate Finance Gen. 2/2019, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
Family Relationship between Directors and Executives	– None –
Being member of the Board or Executive Officer in other companies	1. Listed Companies in the Stock Exchange of Thailand – None – 2. Non-Listed Companies 1 company
Being member of other organization that may present any conflict of interest to or competition with the Company	– None –



Mrs. Chonthida Sathawornwichit

Position

Assistant Managing Director of Marketing Division

Age (Year) 43

- **Educational Background** MBA Major in Marketing at Sasin Graduate Institute of Business Administration of Chulalongkorn University
Bachelor of Accounting Faculty of Commerce and Accountancy Chulalongkorn University
- **Family Relationship between Directors and Executives:** Daughter of Mr. Wiwat Theekhakhirikul
- **Being member of the Board or Executive Officer in other companies**
 - 1. Listed Companies in the Stock Exchange of Thailand — None —
 - 2. Non-Listed Companies 1 company
- **Being member of other organization that may present any conflict of interest to or competition with the Company**
 - None —



Miss. Suwannee Tharacheevin

Position

Assistant Managing Director of Accounting Division and Company Secretary

Age (Year) 59

- **Educational Background** Bachelor of Business Administration Major Accounting, Sukhothai Thammathirat University
Bachelor of Business Administration (B.B.A), Major General Management, Sukhothai Thammathirat University
- **Family Relationship between Directors and Executives** — None —
- **Being member of the Board or Executive Officer in other companies**
 - 1. Listed Companies in the Stock Exchange of Thailand — None —
 - 2. Non-Listed Companies — None —
- **Being member of other organization that may present any conflict of interest to or competition with the Company** — None —



Mrs. Aunruen Arunvisavakul

Position

Assistant Managing Director of Warehouse and Logistic Division

Age (Year) 65

Educational Background Bachelor of Liberal Arts Major Management, Bansomdejchaopraya Rajabhat University

Family Relationship between Directors and Executives — None —

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies — None —

Being member of other organization that may present any conflict of interest to or competition with the Company
— None —



Mr. Pongwiwat Theekhakhirikul

Position

Assistant Managing Director of Marketing Division and Head of Product Development Department

Age (Year) 40

Educational Background Bachelor of Architecture, Chulalongkorn University

Family Relationship between Directors and Executives Son of Mr. Wiwat Theekhakhirikul

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies 1 company

Being member of other organization that may present any conflict of interest to or competition with the Company
— None —



Mr. Jirakorn Sukprasart

Position

Senior Sales Director of Traditional Trade

Age (Year) 52

- Educational Background Master of Accountancy, Sripatum University
Bachelor of Political Science (Second Honors), Ramkhamhaeng University
- Family Relationship between Directors and Executives — None —
- Being member of the Board or Executive Officer in other companies
1. Listed Companies in the Stock Exchange of Thailand — None —
 2. Non-Listed Companies — None —
- Being member of other organization that may present any conflict of interest to or competition with the Company — None —



Mrs. Somsri Viriya

Position
Accounting Director

Age (Year) 54

Educational Background Bachelor of Business Administration Major in Accounting, Sukhothai Thammathirat University

**Family Relationship between
Directors and Executives** — None —

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies — None —

Being member of other organization that may present any conflict of interest to or competition with the Company
— None —



Mr. Satjapong Yongskulrote

Position

Business Development Director –
Information Technology

Age (Year) 41

— Educational Background Bachelor of Engineering, Chulalongkorn University

— Family Relationship between
Directors and Executives — None —

— Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies — None —

— Being member of other organization that may present any conflict of interest to or competition with the Company
— None —



Ms. Wei Xiuqing

Position

Business Development Director

Age (Year) 40

— Educational Background Business IT and Law, Nanyang Technological University

— Family Relationship between
Directors and Executives — None —

— Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies — None —

— Being member of other organization that may present any conflict of interest to or competition with the Company
— None —



Miss Nattanan Muansing

Position

Sales Operation Director of Modern Trade
— Convenience Store

Age (Year) 40

- **Educational Background** Bachelor of Applied Science Major Bio Industrial, King Mongkut's University of Technology North Bangkok.
- **Family Relationship between Directors and Executives** — None —
- **Being member of the Board or Executive Officer in other companies**
 - 1. Listed Companies in the Stock Exchange of Thailand — None —
 - 2. Non-Listed Companies — None —
- **Being member of other organization that may present any conflict of interest to or competition with the Company** — None —



Miss Phatchara Sivipapong

Position

Marketing Director

Age (Year) 40

Educational Background

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

**Family Relationship between
Directors and Executives**

— None —

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies — None —

Being member of other organization that may present any conflict of interest to or competition with the Company

— None —



Miss Seetala Kimsroi

Position

Product Development Director

Age (Year) 43

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

Family Relationship between Directors and Executives — None —

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies — None —

Being member of other organization that may present any conflict of interest to or competition with the Company
— None —

Roles and Responsibility of Corporate Secretary

The Board of Directors has resolved the appointment of Miss Suwannee Tharacheevin as the corporate secretary. In accordance with the Securities and Exchange Act, the Corporate Secretary is entrusted with the conscientious execution of duties, adhering to principles of integrity and in alignment with the Company's robust corporate governance policy, Board resolutions, and shareholder decisions. The detailed scope of responsibilities and obligations for the Corporate Secretary is elaborated as follows:

1. To prepare and safekeep important documents as follow:
 - Registration of Board members
 - Notices and minutes of the Board
 - Annual report of the Company
2. To report the interests and conflicts of interests among the Board of Directors and shareholders
3. To provide crucial information and advice to Board members to support effective and efficient management for the Company's utmost benefit
4. To coordinate with all Company departments to ensure compliance with Board of Directors' resolutions and shareholder meeting decisions
5. To coordinate administrative matters with regulatory bodies such as the Stock Exchange of Thailand
6. To be responsible for the accurate, complete, and legally compliant disclosure and reporting of information to supervisory agencies and the public
7. Other duties as assigned

Report on Securities Holding of Directors and Executives as on March 14, 2024

No.	Name	Shareholding (shares)	Percentage of shareholding
1	Mr. Wiwat Theekhakhirikul	204,083,788	18.553
2	Lt.Gen. Kobboon Vichit	17,000	0.002
3	Mr. Kraiwit Satayapiwat	28,000	0.003
4	Mr. Prasit Dheeraratbongkot	—	—
5	Puttithorn Jirayus, Ph.D.	25,200	0.002
6	Mr. Wongwiwat Theekhakhirikul	2,214,620	0.201
7	Mr. Parit Teekakirikul	33,025,200	3.002
8	Mr. Seah Sin Loo	25,200	0.002
9	Ms. Eiko Shirai	—	—
10	Mr. Chavapas Ongmahutmongkol	—	—
11	Mrs. Tussanee Auncharoen	259,866	0.024
12	Mrs. Chonthida Sathawornwichit	637,800	0.058
13	Ms. Suwannee Tharacheevin	25,200	0.002
14	Mrs. Aunruen Arunvisavakul	25,200	0.002
15	Mr. Pongwiwat Theekhakhirikul	855,200	0.078
16	Mr. Jirakorn Sukprasart	—	—
17	Mrs. Somsri Viriya	19,200	0.002
18	Mr. Satjapong Yongskulrote	43,200	0.004
19	Ms. Wei Xiuqing	—	—
20	Ms. Nattanan Muansing	19,200	0.002
21	Ms. Phatchara Sivipapong	—	—
22	Ms. Seetala Kimsroi	—	—

Details of Management and Authorized Person

Company Name	Karmarts Public Co.,Ltd.	Subsidiary			Associates	Subsidiary of the Associates	Related Company
		J Kos Laboratories Co.,Ltd.	Pa Donphutsa Co.,Ltd.	KJF GLOBAL Co.,Ltd.	The Iconic Property Co.,Ltd.	The Iconic Property Phetkasem Bangueak Condominium The Iconic Property Charan Sanit Wong13	Ruenrom Food and Beverage Co.,Ltd
1. Mr. Wiwat Theekhakhirikul	/ , //, X		/ , //, X		/ , //	/ , //	/ , //
2. Lt. Gen. Kobboon Vichit	/						
3. Mr. Kraiwit Satayapiwat	/ , //	/					
4. Mr. Prasit Dheeraratbongkot	/						
5. Puttithorn Jirayus, Ph.D.	/						
6. Mr. Parit Teekakirikul	/				/ , //, X	/ , //, X	
7. Mr. Wongwiwat Theekhakhirikul	/ , //	/		/			
8. Mr. Seah Sin Loo	/						
9. Ms. Eiko Shirai	/						
10. Mr.Chavapas Ongmahutmongkol	/						

Remark X = Chairman of the Board
 / = Director of the Board of Director
 // = Direct of the Board of Management

DETAILS OF DIRECTORS OF SUBSIDIARIES

Details of Directors of Subsidiaries, Joint Venture and Associate

Companies Board of Directors	Subsidiary			Joint Venture	Associates
	J Kos Laboratories	Pa Donphutsa	KJF GLOBAL	KMGI Co., Ltd.	The Iconic Property
1. Mr. Wongwiwat Theekhakhiriku	/		/		
2. Mr. Kraiwit Satayapiwat	/				
3. Ms. Runglawan Wiboonkiat	/				
4. Mr. Uthen Pattananiphon	/				
5. Mr. Wiwat Theekhakhirikul		/			/
6. Mr. Chayut Udomcharoenchaikit		/			/
7. Mr. Parit Teekakirikul					/
8. Mrs. Tussanee Auncharoen				/	
9. Mr. Pongwiwat Theekhakhirikul				/	
10. Mrs. Chonthida Sathawornwichit				/	
11. Mr. Nawat Itsaragrisil				/	
12. Mr. Ratchaphol Chantaratim				/	
13. Ms. Sopapan Viroonmas				/	

Remark / = Director



DETAILS OF HEADS OF INTERNAL AUDIT AND COMPLIANCE DEPARTMENTS

Miss. Kanokorn Siriarunporn

Position

Internal Audit Manager/
Secretary of Audit Committee

Age (Year) 51

Educational Background	Bachelor of Accountancy (Accounting), Bangkok University
Special course	How to do the Internal Control Assessment Gen. 3, 2022 / Political Science Association of Kasetsart University The Institute of Internal Auditors Thailand : Fundamentals for New Internal Auditors Federation of Accounting Professions : Accounting and Internal Control (Course 1) /Internal Control (Course 2)
Shareholding (%)	- As at March 14, 2024
Family Relationship of Directors and Executives	— None —
Experience	2019 — Present Internal Audit Manager of Karmarts Pub Co., Ltd. 2004 — 2019 Internal Audit Supervisor of Supara Co., Ltd. 1999 — 2002 Internal Audit Officer of Lanna Resources Pub Co., Ltd. 1995 — 1999 Accounting officer of Lanna Resources Pub Co., Ltd.

ASSETS FOR BUSINESS UNDERTAKING AND DETAILS OF ASSET APPRAISAL

Fixed Assets and Company Lease

Type of Property	Type of Ownership	Carrying Amounts (THB)	Obligation
1. Construction in Progress			
- Office and factory	Owner	6,187,174.74	
2. Land Improvements			
- Office		137,431.51	
3. Land			
- Land (road part) Title Deed No. 621 - 1 Rai - Ngan 25.9 Square Wa 140 Moo 4 Mapyangporn, Pluak Daeng, Rayong	Owner	541,100.55	
- Land with factory Title Deed No. 5474 – 5476 - 14 Rai - Ngan 70.10 Square Wa 140/1 Moo 4 Mapyangporn, Pluak Daeng, Rayong	Owner	73,711,300.00	*
- Land with office Title Deed No. 3133, 30577, 51607, 51609, 59735, 66594 and 12891 - 2 Rai 2 Ngan 29 Square Wa 81-81/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	66,885,000.00	*
- Land with factory in Bangkok Title Deed No. 57480 – 57483 - 1 Rai 1 Ngan 4 Square Wa 261/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	35,280,000.00	*
- Land as car park - 2 Ngan 45 Square Wa Title deeds no.13611, 21158 – 59 and 64699	Owner	9,310,000.00	*
- Land with factory and car park - in Bangkok 83 Square Wa Title deeds no. 57469 and 142036 – 38	Owner	5,478,000.00	
- Land 129 Square Wa 270/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	8,385,000.00	
- Land Title Deed No. 57475, 57477 – 57479, 82698, 82699, 151608 and 151609 - 3 Rai 60.90 Square Wa 265/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok (Building A, B)	Owner	79,436,700.00	
- Land 120 Square Wa Title deeds no. 57381 House no. 117 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	7,920,000.00	
- Land as car park 153 Square Wa Title deeds no. 56835 – 36	Owner	10,098,000.00	
Grand Total Value of Land		297,045,100.55	

Remark: * Mortgaged assets are used as loan collateral for both short and long-term commercial lending.

Assets for Business Undertaking (continued)

Type of Property	Type of Ownership	Carrying Amounts (THB)	Obligation
4. Land Improvements and Building		11,366,767.54	
5. Building			
5.1 Office (Title Deed No. 3133, 30577, 51607, 51609, 59735, 66594 and 12891) 81-81/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok		3.00	*
5.2 Factory and Warehouse Title Deed No. 5474 – 5476 140 Moo 4 Mapyangporn Pluak Daeng, Rayong		21,758,195.50	*
5.3 5-Story Office Building 261/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	36,244,695.82	*
5.4 3-Story Office Building 270/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	5,891,858.41	
5.5 3-Story Warehouse Building (A Building) 265/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	16,012,755.89	
5.6 Warehouse Building (B Building) 265/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	17,517,979.85	
5.7 Condominium 66/456 Floor 24 77.47 Square meter	Owner	3,791,536.04	
Total Value of Buildings		101,217,024.51	
6. Machinery and Equipment 140, 140/1 Moo 4 Mapyangporn, Pluak Daeng, Rayong 81-81/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	49,384,632.50	
7. Motor Vehicles	Owner	6,884,287.00	
8. Right-of-Use Assets (ROU)	Owner	56,034,402.00	
Grand Total Value of Assets		<u>528,256,820.94</u>	

Remark: * Mortgaged assets are used as loan collateral for both short and long-term commercial lending.

Real Estate Investment

Type of Property	Type of Ownership	Carrying Amounts (THB)	Obligation
1. Land - Land with factory 19 Rai - Ngan 29.10 Square wa 140 Moo 4 Mapyangporn, Pluak Daeng, Rayong - Land Title Deed No 140957 – 140958 2 Ngan 94 Square wa Phasi Charoen District - Land Title Deed No 16102 1 Rai 1 Ngan 5 Square wa Nong Khaem District Total Value of Land	Owner	104,328,640.00 3,234,000.00 5,050,000.00 <u>112,612,640.00</u>	*
2. Building Factory and Office building 140 Moo 4 Mapyangporn, Pluak Daeng, Rayong Total Value of Buildings Grand Total of Real Estate Investment	Owner	57,471,360.00 <u>57,471,360.00</u> <u>170,084,000.00</u>	*

Remark: * Mortgaged assets are used as loan collateral for both short- and long-term commercial lending.

Collateral Assets

The Company used land, buildings and other structures for business operation with net value of Baht 243.19 million as of December 31, 2023 as collateral for short- and long-term commercial lending. Concurrently, real estate investments with net value totaling Baht 161.80 million as of December 31, 2023 have been applied as collateral for short- and long-term line of credit as well.

Intangible Assets

Karmarts Public Company Limited

The Company has invested in an ERP (Enterprise Resource Planning) system costing a total of Baht 13,329,010.60, along with additional programs totaling Baht 12,750,004.71, to date. These investments were made to streamline business operations, enhance management efficiency, and improve the accuracy and effectiveness of internal communication. In total, the net book value after amortization of the intangible assets after depreciation as of December 31, 2023 amounted to Baht 1,166,021.32.

Date of Valuation	Type of Asset	Quantity (Unit)	Estimated Total Value (THB)	Purpose of Valuation	Asset Valuation Company	Chief Appraiser
25/12/23	Land with Structure			To determine the current value of a Company's assets	South East Asia International Co., Ltd..	Mr. Sathaporn Rattanakam-phon Principal valuation analyst No. 120
	Group 1					
	Lands (2) Title Deed No. 5472 and 19999					
	Total Land Size 19-0-29.1 Rai (7,629.1 Square Wa)		104,328,640			
	Total Land Size and Value	7,629.1 sq. wa	104,328,640			
	Building: 5 Buildings					
	1. Factory and office with mezzanine No.140 Village No. 4	1	51,844,914			
	2. Canteen and office	1	5,448,285			
	3. Guard booth (No.1)	1	22,988			
	4. Guard booth (No.2)	1	22,989			
5. Single storey warehouse	1	132,184				
	Total Assets	5	57,471,360			
	Total Assets of Group 1 determined by income approach		161,800,000			
25/12/22	Land with Structure			To determine the current value of a Company's assets	Powerland Plus Appraisal Co., Ltd.	Mr. Dumras Chaolert Valuation senior analyst No. 297
	Group 2					
	2.1 Lands (6) Title Deed No. 3193, 30577, 51607, 56735, 66594, and 128910 Total Land Size 2 – 1 – 10.0 Rai	910.0 sq. wa	66,885,000			
	2.2 Lands (3) Title Deed No. 5474,5475, and 5476 Total Land Size 14 – 0 – 70.1 Rai	5,670.1 sq. wa	73,711,300			
	2.3 Lands (4) Title Deed No. 13611, 21158, 21159, and 64699 Total Land Size 0 – 2 – 45.0 Rai	245.0 sq. wa	9,310,000			
	2.4 Lands (4) Title Deed No. 57480 – 57483 Total Land Size 1 – 1 – 4.0 Rai	504.0 sq. wa	35,280,000			
	2.5 Lands (4) Title Deed No. 57469 and 142036 – 38 Total Land Size 0 – 0 – 83.0 Rai	83.0 sq. wa	5,478,000			
	2.6 Lands (3) Title Deed No. 49731 – 32 and 50637 Total Land Size 0 – 1 – 29.0 Rai	129.0 sq. wa	8,385,000			
	2.7 Lands (8) Title Deed No. 57475, 77 – 79, 82698 – 99, and 151608 – 9 Total Land Size 3 – 0 – 60.4 Rai	1,260.4 sq. wa	79,436,700			
	2.8 Land 120 Sq. wa Title Deed No. 57381 117 Phetchakasem 54 Yak 3 Phasi charoen, Bangkok		7,920,000			
2.9 Land as car park 153 Sq. wa Title Deed No. 56835 – 36		10,098,000				
	Total Land Size and Value		296,504,000			

Good Corporate Governance Policies

1. Report on Good Corporate Governance

The Board of Directors acknowledges the significance of adhering to Good Corporate Governance principles, placing them in high priority within the Company and all level of management. They have formulated a comprehensive framework of policies, guidelines, and principles to foster transparency and bolster competitiveness. These measures aim to instill confidence among shareholders, investors, and other stakeholders. Key focus areas include:

- Equal and fair treatment of all shareholders and stakeholders
- Forward-thinking pledge to enhance the Company's long-term operational value through prudent, comprehensive management, and responsible, competent execution. This aims to maximize shareholder value while mitigating conflicts of interest
- Promoting transparency and accountability in operations, coupled with thorough disclosure of information to all pertinent stakeholders
- Risk anticipation and evaluation in all business aspects and implementation of appropriate risk management strategies
- Establishment of moral and ethical standards for Company's management team and staff to conform

2. Shareholders Rights

The Company places a strong emphasis on upholding shareholders' rights as outlined in the Company's Articles of Association. These rights encompass access to company information, voting rights, fair treatment, and facilitation during shareholders' meetings.

3. Stakeholders Rights

Similarly, the rights of all stakeholder groups are given significant importance, including the timely and reliable disclosure of information and fair treatment without exploitation of counterparties, related parties, or employees.

4. Shareholders' Meetings

Conducting Shareholders' Meetings in accordance with the Company's Articles of Association is also a high priority. The Company has established clear guidelines for organizing these meetings, ensuring equitable access to news and information for all shareholders

5. Leadership and Vision

The Board of Directors is responsible for setting the Company's vision, obligations, goals, business plans, and budget considerations. They oversee the management team to ensure efficient and effective operations within budget constraints. Additionally, the Board has implemented an Internal Audit and Control System, risk management measures, and monitoring mechanisms to ensure operational consistency.

6. Conflict of Interests

To prevent conflicts of interest, ethical guidelines have been established for Directors' strict adherence. Directors are expected to perform their duties while avoiding conflicts between personal and company interests to maximize management efficiency. An Audit Committee has also been appointed to scrutinize directorial actions and report any potential conflicts of interest.

7. Business Ethics

Moral and ethical principles have been established and disseminated to all executive directors and staff to promote ethical behavior and ensure satisfactory internal audit and control procedures.

8. Checks and Balance of Non-Management Board Members

The Company's Board of Directors consists of 10 members as follows;

- Directors who are also management members 3 persons
- Independent Directors who also serve in Audit Committee 7 person

9. Aggregation or Segregation of Positions

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

Managing Director has the sole right to manage and supervise the operation of the Company, as appointed and under supervision from the Board of Directors.

10. Remuneration of Board Members and Executives

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

Remuneration of Board Members and Executives is set in accordance with the policy established by the Management Team with regards to overall operating results and every member's individual performance

11. Board of Directors' Meeting

The Board convenes quarterly meetings as well as ad-hoc sessions with predefined agendas to consistently review the implementation and performance of company operations. Prior to scheduled meetings, the Board Secretary sends meeting invitations along with agendas and relevant documents to Directors to provide ample time for preparation. Each meeting typically lasts for three hours. In 2023, the Board conducted a total of six meetings.

12. Subcommittees

The Company's Board of Directors appoints subcommittees to supervise company business as follows.

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

Throughout 2023, the Audit Committee held 8 meetings in total and responsibly reported to the Board of Directors all outputs of meetings.

Investment Committee: On November 13, 2023, following the resolution passed during the 6/2023 Board of Directors meeting, the Company appointed six members to compose the Investment Committee. These members include Mr. Wiwat Theekhakhirikul, the Chairman of Investment Committee, Mr. Wongwiwat Theekhakhirikul, Mrs. Tussanee Auncharoen, Ms. Eiko Shirai, Mr. Takeuchi Kazuhiro, and Mr. Chavapas Ongmahutmongkol, a secretary of Investment Committee.

13. Internal Audit and Control Systems

The Company has established a robust internal audit and control mechanism to oversee operations at all levels, including supervisory, managerial, and executive staff.

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

The Company has set up an Internal Audit Team tasked with examining financial, managerial, operational, and information systems. This is to ensure compliance with relevant laws and company regulations. To further enhance the effectiveness of internal audit activities, the Board of Directors has empowered the Internal Audit Team to report directly to the Audit Committee on inspection findings and receive performance evaluations from the committee.

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

The responsibility for preparing financial statements and the information included in the Annual Report lies with the Board of Directors. All financial statements released adhere to accepted accounting principles in Thailand. These statements are prepared using transparent accounting procedures, aiming to provide adequate information in the Notes to the financial statements. The Board of Directors acknowledges the significance of having accurate and comprehensive accounting data to ensure that the Company's financial system operates in accordance with good corporate governance principles, thereby mitigating the risk of adverse outcomes such as unlawful activities or substantial errors.

To achieve these goals, the Board of Directors appointed the Audit Committee, consisting of non-managing directors, to oversee the disclosure of significant information and financial statements along with qualified auditor. In closing, the Audit Committee is of the opinion that the Company's internal controls are adequate to deliver confidence and accountability for both internal and external parties.

15. Investor Relations

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

Assessment of Internal Information

The Company holds the conviction that all Board members and management executives adhere to robust ethical standards and refrain from exploiting internal and proprietary information for personal gain. Recognizing the inadequacy of penalties as a sole control mechanism, as they predominantly address post-event actions passively, the Company has yet to formulate a written policy on this matter.

Nonetheless, the Company prioritizes the monitoring and safeguarding of internal information access and usage. It mandates that only authorized individuals or senior executives may access internal information with shareholder approval and within specific constraints. Moreover, the Company designates either the Public Relations Office or senior management as the exclusive entities authorized to disseminate information to the public.

REPORT OF AUDIT COMMITTEE 2023

Dear : Shareholders of Karmarts Public Company Limited,

The Board of Directors appointed a total of 3 qualified members to assume positions as Audit Committee Members and whose names are as follow:

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

Along with Mrs. Kanokorn Siriarunporn, Internal Audit Manager, the Audit Committee Members serve as the Secretary of the Audit Committee and fulfill responsibilities within the scope of duties assigned by the Company's committee charter. She adheres to the regulations of the Audit Committee and follows the guidelines of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The focus is on ensuring effective control and efficient management of the Company's operations, good risk management and sufficient internal control systems. Oversight is maintained to ensure executives adhere to the Company's policies and operate with integrity, transparency and ethical principles for the utmost benefit of shareholders and stakeholders.

Key Highlights of Duties Performed:

1. The Audit Committee meticulously examined the financial statements, ensuring their accuracy, completeness, timeliness and transparency. This encompassed the consolidated financials of the Company and its subsidiaries for each quarter and the fiscal year 2023. Before approval and presentation to the Company's Audit Committee, all financial statements were firstly verified by the Licensed Accountant (EY) and underwent a thorough review. Adhering to best practices, consistent consultations took place among the Management, Audit and Accounting Departments, along with the Licensed Accountant, resulting in swift and effective adjustments to significant accounting items. These adjustments, designed to address potential impacts promptly, instilled confidence in the adherence to general accounting principles and the latest standards. The information disclosure in the financial statements' footnotes was comprehensive, sufficient and timely, meeting all prescribed deadlines.

Moreover, on one occasion, the Audit Committee convened a dedicated session with the Licensed Accountant, excluding the Management team. This was orchestrated to foster independent discussions on crucial matters highlighted during the financial statement audit and internal audit.

The Audit Committee affirms that the Company's accounting and financial reporting procedures accurately depict its financial standing and operational performance in accordance with financial standards. These processes also uphold adequate disclosure of information.

2. The Audit Committee thoroughly examined and audited significant interrelated transactions involving joint ventures, subsidiaries and the Company's committee. The Management's decisions on these dealings were made with the substantial benefit of the Company in mind, adhering to the standard terms and conditions of normal commercial practices. The details of these transactions are duly disclosed in the financial statements and accompanying footnotes. After thorough consideration and audit, the Audit Committee detected no transaction that are in conflict with the best interests of the Company.

3. The Audit Committee scrutinized and placed significant importance on the Company's compliance with laws, regulations and various requirements. The committee has audited and emphasized the importance of the Company adhering to legal provisions, regulations from the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), as well as other relevant laws governing the Company's business operations, ensuring strict compliance.

4. The Audit Committee examined and supervised the internal audit department's operations to ensure compliance with the scope of work outlined in the internal audit charter. The Committee also overseen the internal audit department's operations, providing approval for the work plan and staffing levels that align with current responsibilities. This ensures that the audit plan comprehensively addresses significant issues, facilitating the effective execution of staff duties.

To maintain continuous examination of the annual audit plan and its implementation, the Committee facilitated quick and timely resolution of significant issues that may impact the Company's operations. Recognizing the potential impact of significant issues on the Company's performance in each quarter's business environment, the Committee conducted a total of 8 meetings in 2023. Each committee member consistently attended all sessions, and one of these, among the eight, was exclusively dedicated to discussions with the Licensed Accountant, excluding the participation of the Management.

The Audit Committee acknowledges that the internal audit function of the Company is appropriate, sufficient and effective, ensuring that internal audit objectives are successfully achieved as per the established guidelines.

5. The Risk Management framework of the Company was robustly analyzed and assessed in collaboration with the Audit Committee, considering both internal and external factors that may impact the Company's operations across each quarter. Comprehensive measures were implemented to manage and control risks within acceptable limits. Key risk factors identified by the Board of Management and the Audit Committee in the year 2023 include:

- Operational and systematic risks
- Investment risks
- Risks arising from the depreciation of inventory values
- Risks associated with the control and management of Information Technology (IT) systems
- Risks from a highly competitive and dynamically changing business environment, including product imitation and/or piracy
- Foreign exchange risks

The diverse risks highlighted are deemed well within the Company's control.

The Audit Committee recognizes the Management's adept handling of risks across different facets, reflecting a prudent and effective approach.

6. The Company's commitment to long-term sustainability is evident in its strategic approach to investment and operations, with a strong emphasis on Environmental, Social and Governance (ESG) principles. Notably, the establishment of the subsidiary company, "Pa Donphutsa Co., Ltd.," focuses on green business initiatives, aligning with the principles of ESG.

The Audit Committee recognizes the Company's robust framework for sustainable management, deeming it not only apt for the present but also forward-thinking. The emphasis on ESG principles in current operations and future planning positions the Company in alignment with global business practices and regulatory standards, a perspective the Audit Committee strongly supports.

7. The scrutiny of the internal control system is integral as it serves as a pivotal mechanism for ensuring effective governance and the efficient pursuit of the Company's objectives. Embracing the internal control framework of The Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 as its foundation, the Company underscores its commitment to maintaining a robust system that oversees business operations with excellence, enabling the achievement of objectives with both efficiency and efficacy.

Having thoroughly examined and provided insights on each aspect from points 1 to 6 as mentioned earlier, the Audit Committee finds it sufficient to conclude, in an overarching assessment, that the Company possesses an internal control system that is robust, apt and effective.

Significant Events in 2023

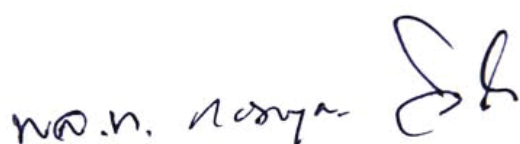
The Company issued and allocated an additional 220 million ordinary shares, priced at 0.60 Baht per share, in a targeted offering through Private Placement to 2 specific individuals.

- 1) Wellsiam Co., Ltd., holding 198 million shares, equivalent to 18.00% of the total shares sold by the Company, is owned by Marubeni Corporation.
- 2) QPE Fund1 Limited, holding 22 million shares, representing approximately 2.00% of the total shares sold by the Company, is owned by Quadriga Private Equity Limited.

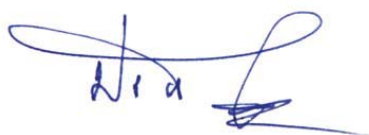
The Audit Committee actively participated in the examination of the terms and conditions of the share acquisition agreement and ensured that the transaction was conducted fairly, equitably, and to the maximum benefit of all parties involved.

8. The Audit Committee conducted a thorough examination of the qualifications of the Licensed Accountant (EY) and continuously assessed their performance over the past year. The Company has utilized observations and recommendations from the Licensed Accountant in various areas to enhance data management and internal control processes, ensuring compliance with the regulations of the SEC and SET, as well as aligning with the new accounting standards. In light of this, the Audit Committee passed a resolution to endorse and propose to the Board of Directors for approval at the shareholder meeting the appointment of EY as the Licensed Accountant for the fiscal year 2024.

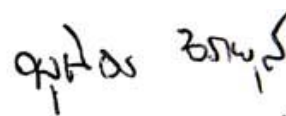
In summary, the Company's Audit Committee is of the view that the Company has presented accurate and reliable financial statements following financial accounting regulations and standards. All essential information has been appropriately disclosed in the financial statement notes in line with the Accounting Professions Act B.E. 2547. The Company adheres to good corporate governance practices, maintains robust internal controls, and complies with the regulations of the SEC and SET, and other relevant authorities. Additionally, the Company has conducted a thorough and effective assessment of business risks in the past year, ensuring a stable business trajectory amidst rapid changes and uncertainties.



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



(Mr. Prasit Dheeraratbongkot)
Audit Committee



(Puttithorn Jirayus, Ph.D.)
Audit Committee

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