

KARMART 2021



ANNUAL REGISTRATION STATEMENT
ANNUAL REPORT

56-1 One Report

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KARMARTS PUBLIC COMPANY LIMITED



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BOARD OF DIRECTORS' MESSAGE

With a heavy heart, I pen this message to all stakeholders as the ongoing Russia-Ukraine gunfire continues to bring great distress to innocents across the other end of the world. On top of Covid 19 which further disrupted and declined a large portion of the world economy for a second year, the war has brought about huge concerns about worldwide stagflation — a state of inflation while economic bodies remain stagnant in terms of growth. Thailand has not been spared, and it has proven to be yet another difficult year in 2021 for us all.

Domestically, the outbreak of Omicron variant towards the end of 2021 resulted in tightening of curfew measures which directly led to slowed consumption. Fear and uncertainty for the future decreased consumer confidence index, and when coupled with soaring energy prices and worldwide disruptions to international supply chain which decreased purchasing power while increasing business costs, it was inevitable that the volume of purchase transactions within the Thai economy dropped to an all-time low.

In our fight against Covid 19 in 2021, I am proud to state that prevention measures taken by the Company and in line with guidelines from the Centers for Disease Control and Prevention (CDC) has effectively blocked the chain of infections within the organisation. Moving forward, the Company will continue to place topmost emphasis to the protection of our team against the disease.

In the past financial year, total income recorded 1,503 million Thai Baht which represents an increase of 13.35% while the expenses were reduced from the previous year. With prudent spendings, the company ensured that shareholders dividends were accorded at regular intervals and recorded a total of 0.18 Thai Baht per share in 2021. Q4 in 2021 also marked the 40th consecutive quarterly dividend payment by the Company which translates into 10th consecutive years of financial reward for our long-term shareholders. Total expenses aggregated 458 million Thai Baht which represents 30.47% of total income in 2021 and a decrease of 10.02% compared to 2020. This slight decrease, however, reflects the timeliness of the Company's responsive measures taken towards tremendous rising business costs largely associated with trade wars between the East and West which shook the forex markets and shipping costs like never before.

Notable investments in 2021 included the Company's strategic acquisition of 86% shareholding in Pa Donphutsa Company Limited, an entity engaging in primary businesses of forestation, plantation and conservation of endangered large aquatic animals. This leap into the business of environmental protection seeks to compensate carbon footprint in response to the world's current global warming concerns and represents the Company's swift embrace of a green economy as well as our commitment to maintaining a sustainable development. Following all nations' declared commitments made during COP-26 (also known as 2021 United Nations Climate Change Conference), Karmarts is confident that the generation of low-carbon solutions through Pa Donphutsa Company Limited will quickly produce economic favours in the foreseeable future for all stakeholders.

As various countries around the globe resume the opening up of borders during these first few months of 2022, we remain hopeful that daily lives will soon resume to a new normal amidst the pandemic this year. We are also confident that the people of Thailand shall witness a strong rebound like we always do, especially in light of booming international tourism and the country's successful sandbox programs, notwithstanding the fact that recovery of the world economy may only be achieved over the next few years. Looking back at the past and into the future, we like to express our sincere gratitude to all stakeholders who remained with Karmarts over the harsh years. Together, we roam; collectively, we soar!

PART 1

BUSINESS OPERATIONS AND OPERATING RESULTS



Part 1 Business Operations and Operating Results

1. Organizational structure and group of companies

1.1 Policy and business overview

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

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

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

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

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

1.1.1 Vision, Mission, and Marketing Strategies

Vision

To become one of the global leaders in beauty industry

Mission

To achieve our mission, the Company is committed to:

1. Providing best cosmetics in terms of quality, efficacy, and safety
2. Creating sustainable value for stakeholders, customers, business partners, employees, and community
3. Upholding social responsibility towards communities
4. Broadening customer reach and improving performance

Goals and Business Strategies

Marketing Strategies

The global industry (comprising skin care, color cosmetics, fragrances and such) has been shocked by the COVID-19 crisis as there was a huge change in behaviors, tastes, and preferences of beauty consumers due to mandatory use of face masks and nationwide lockdowns, thereby sharply decreasing the overall sales of makeup products. Even though the beauty market was considerably impacted by economic magnitude of the COVID-19 pandemic, it proved its resiliency in 2021.

The strategic plans for the COVID-19 pandemic in 2021 are listed below:

1. Product Strategy

- 1.1 Makeup: The pandemic had a considerable impact on makeup products as people are bound to wear face mask on a daily basis in public sphere, leading to reduction in sales of color cosmetics. In response to behavior changes of consumers, the Company decided to delay the launch of certain products and developed and produced transfer-resistant, ultra-long wear lipsticks, powders, and foundations as well as eyebrow innovations instead.
- 1.2 Skincare: Covid-19 pandemic prompts rise in use of skincare products as people spend additional time at home due to lockdowns. This rise in skincare reflects a long-term shift towards wellness, pampering, and a natural aesthetic. With this in mind, the Company launched a new series of skincare products with innovative ingredients such as sheet masks, sleeping masks, and lip masks with the aim of skyrocketing the sales volume and further increasing brand presence in this particular market.
- 1.3 Consumer Products: Consumer goods are products intended for everyday consumption, covering a large product portfolio inclusion food and non-food categories. The surging demand stemming from the Coronavirus outbreak led sales of consumer-packaged goods – from toilet paper and canned soup– to increase sharply in 2021. This also gave rise to the emergence of new companies and retailers of consumer goods. To maintain its strong position and visibility in this highly competitive sector, the Company decided to expand product lines, improve quality of existing products as well as keep up with consumer trends on a daily basis.
- 1.4 Dietary Supplements: Since the beginning of the COVID-19 pandemic, the interest in immune-enhancing supplements and herbal products as well as their consumption dramatically soared as people were looking to strengthen their immune systems and improve overall health and wellness. In the previous year, the Company developed and manufactured new dietary supplements in a wide variety of flavors and forms, including tablets, capsules as well as powders in order to respond to the ever-changing demands and preferences of health and fitness enthusiasts. The Company offers a huge range of supplements as follows: weight loss supplement, skincare supplement, and detoxifying supplement, and immune-boosting supplement.
- 1.5 Aromatherapy & Spa Products: Across all channels and geographies, COVID-19 has accelerated the trend towards health and wellness. In recent years, aromatherapy and spa products witnessed a spike in sales of essential oils, reed diffusers, and fragrances as consumer sought to counter the stresses of the pandemic and lockdowns with home spa treatments. As one of the fragrance and aroma leaders in Thailand, Reunrom, a prominent aromatherapy and spa brand under KARMART, received a massive amount of positive responses from both domestic and overseas consumers and successfully reached out to a wider customer base in 2021.

2. Marketing Channel Strategy

- 2.1 As the digital economy continue to boom thanks to the pandemic, the Company sees a great opportunity in establishing strong presence in the digital retail space through online stores on various E-Commerce platforms such as Facebook, Line, and other electronic marketplaces — leading to increased sales volume, revenue as well as brand awareness.
- 2.2 The Company focuses on gaining more new retail distributors with the aim of distributing products to even more localized communities.
- 2.3 Due to the emergence of COVID-19, the modern trade industry experienced a historic contraction in sales as consumers were required to stay home and avoid crowded settings and turned to digital channels instead. In response to such unexpected situation, the Company decided to launch various sales promotions in order to attract customers throughout the year 2021, including discounted products, free shipping, giveaways, free trials and such.

3. Marketing Communication Strategy

- 3.1 The Company focused on the usage of digital media as a primary instrument for promoting and introducing new products to target audience instead of offline media.
- 3.2 The Company redirected marketing communication focus onto online platforms and launched a diversified portfolio of online events, including Short Film Commercial, Product Review, Facebook Ad, Instagram, Twitter, Tiktok Post and Livestream Shopping on the Facebook Page of each brand under KARMART. Furthermore, the Company has collaborated with high-profile beauty influencers and reviewers from across the country to enhance the brand awareness among beauty aficionados.
- 3.3 The Company focused on selecting prominent actors and actresses as its brand ambassadors with the purpose of increasing brand awareness and sales of the series of products they represent while also reaching to a larger customer base.

Target Group

The target audience of each brand under KARMART's roof is listed below:

1. Cathy Doll: Target group is ladies of the age 20 to 35 who embrace diversity with open arms and are playful yet adorable, charming, and confident, searching for innovative products that respond to her changing demands and preferences.
2. Baby Bright: Target group is young women of the age 16 to 25 who are beauty enthusiasts seeking for all-natural skincare innovations that pamper and nourish the skin and nutrimental cosmetics to lessen the load of chemicals on her skin.
3. Boya: Target group is people of all ages and genders who look for powerful treatments that cater to all hair and body nourishment needs.
4. Jejuvita: Target group is young women who are passionate about health and fitness, hunting for dietary supplements which are perfect in terms of both nutrition and taste, making them look and feel good from within.
5. Reunrom: Target group is upper middle income and upper social class customers in the age group of 25 — 40 years who are health and wellness fanatics.
6. Crayon: Target group is modern ladies who wish to attain professional makeup looks, confidence, and charm with minimum efforts.
7. Cathy Choo: Target group is delicate ladies who fancy floral and herbal fragrances, sophisticated packaging that provides luxurious visual sensation.
8. Skynlab: Target group is people of all ages and genders who are in search of oral care and skincare products backed by advanced scientific formulation that deliver tested-and-verified results.
9. 7-Clean: Target group is middle class working and stay-at-home mothers who seek for high-performance household cleaning products which are safe for their home and family.

10. BROWIT: Target group is young ladies who are enthusiastic about premium quality cosmetic products which helps them achieve professional makeup look to boost her confidence and self-esteem.
11. THA: Target audience is young men and women who are trendy, fashionable and love taking care of themselves, looking for beauty products that provide their skin with gentle ingredients and ultra-nourishing benefits.

1.1.2 Company Background and significant milestones

- 2009 Ventured into beauty business focusing on import of cosmetic, skin care and other consumer products for distribution in various channels under “Karmarts” trademark while sustaining pre-existing business in the field of NGV automobile.
- 2010 Doubled annual sales growth in beauty business.
- 2011 Officially updated company’s name from Distar Electric Corporation Public Company Limited to Karmarts Public Company Limited with the Stock Exchange of Thailand.
- 2012 Re-positioned company’s core business and strategized manufacturing and distribution of cosmetic, skin care and consumer products as primary focus.
- 2013 Embarked on domestic and international expansion plans and successfully grew local distribution channels while venturing into export markets in neighboring Asian countries.
- 2014 Enhanced overseas distribution through strategic alliances with high potential business partners; Kick-started professional product Research and Development under “JKOS Laboratory Company Limited” which focuses on formulation and manufacturing of cosmetic, perfume, beauty appliances and accessories; Ventured into real estate business with “The Iconic Property Company Limited” as a focal addition to the company’s investment portfolio.
- 2015 Established joint venture outside Thailand territory with Karmarts Vietnam Company Limited as part of key territorial expansion plan.
- 2016 On 20 January 2016, the Company paid for an investment in Karmarts Vietnam Company Limited which was registered and established in Vietnam, aggregating USD 98,000 or approximately Baht 3.56 million. With that, the Company now holds 49% of the issued and paid-up shares of USD 200,000 in this company. The Company recorded investments in this company as investments in joint venture since the investment date. This company’s operation period is set as 50 years, starting from the date of incorporation, 9 October 2015.
- 2017 Expanded various key aspects of the beauty business through addition of warehousing facility and establishment of additional cosmetics packaging and assembly factory to continuously improve quality, better control capital and manage production time to enhance response time towards rising growth in the market.
- 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 Managed the outbreak of novel coronavirus (COVID-19) in early 2020 and seized the social opportunity to acquire production machinery and commence production of surgical mask, due to nation-wide shortage domestically, so as to play a part in assisting Thailand to mitigate the pandemic.

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 THB 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 THB 100 per share, henceforth also positioning the entity as its subsidiary which also serves as another house brand in the beauty industry.

1.2 Nature of Business

1.2.1 Income structure

The Company had the Consumer Products Sales in 2019 – 2021 as follow:

Product	2021		2020		2019	
	Thousand	%	Thousand	%	Thousand	%
Consumer Products Sales Value						
1. Body care	166,169	12.78	167,183	12.62	189,505	12.42
2. Facial skin care	315,285	24.24	263,297	19.87	287,076	18.82
3. Cosmetics	668,670	51.42	764,337	57.69	937,685	61.46
4. Accessories	24,435	1.88	29,514	2.23	20,028	1.31
5. Furnitures and marketing tools and other	81,994	6.31	48,783	3.68	31,991	2.10
6. Supplementarie	13,344	1.03	20,874	1.58	20,363	1.33
Total Consumer Products Sales Value	1,269,897	97.65	1,293,988	97.66	1,486,648	97.44
Income from warehouse rental	21,170	1.63	21,170	1.60	21,067	1.38
Gain (Loss) on fair value adjustment of investment properties	(700)	(0.05)	100	0.01	460	0.03
Share of gain (loss) from investments in joint venture and associate	464	0.04	(1,249)	(0.09)	1,275	0.08
Other income	9,622	0.74	10,956	0.83	16,274	1.07
Grand Total revenues	1,300,453	100.00	1,324,965	100.00	1,525,724	100.00
% increased (decreased)		(1.85)		(13.16)		(7.52)

BRAND and PRODUCT Overview

“Unique Beauty Solution”

1.2.2 Products Overview

Riding on our distinguished slogan “Unique Beauty Solution”, KARMART has never taken a break in our pursuit to become an exceptional worldwide beauty brand that caters to all beauty desires and preferences of today’s consumers. The Company prides itself on consistent offerings of distinctive and high-performance products at affordable prices to best meet the diverse needs and standards of both domestic and international customers.

In search of excellence, the Company prioritizes understanding of target consumer groups through constant studies and researches. This enables constant development of new ideas to enhance existing products or introduce new innovations to meet the dynamic needs and demands of today’s consumers at all times.

The company also taps on big data to monitor beauty trends across regions such as Asia and Europe and employs innovative cosmetic technologies from international suppliers to achieve product standard and quality comparable to worldwide luxury beauty brands.

In terms of product development, the need for more user-friendly and trendy product designs is more important than ever. To keep up with ever-changing beauty trends, KARMART relies on professional analysis as well as extensive reports on consumer behaviour from Mintel, a global award-winning market intelligence agency. Furthermore, the company prioritizes consumer inputs and uses such information as insights to improve product offerings on a regular basis.

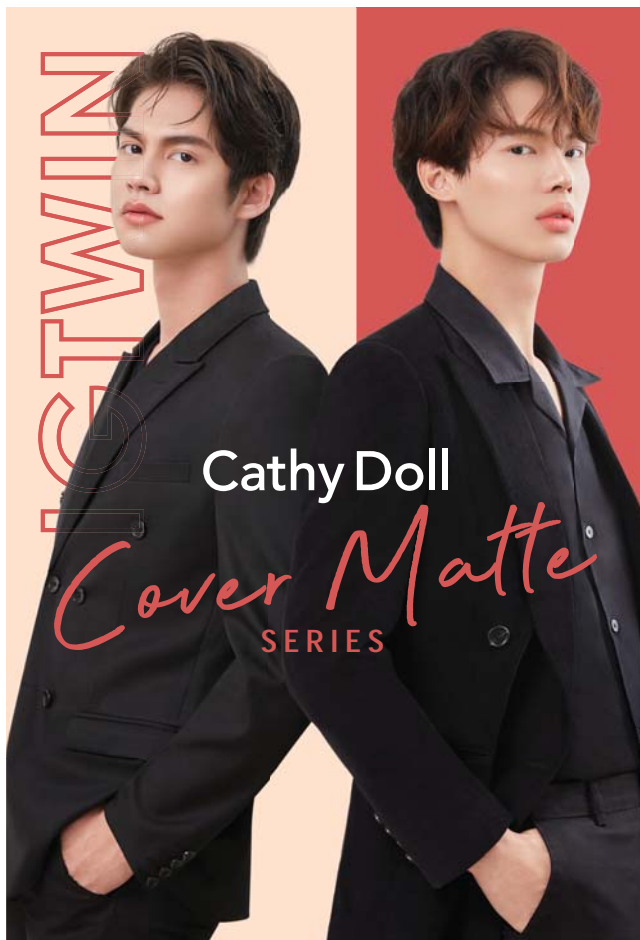
Lastly, the company ensures that every step of product development and manufacturing is performed with precision and efficacy and in accordance with standards and regulations of creditable research laboratories with which we are working closely. This in turn assures that our products are always safe to use and deliver tested-and-verified results before reaching the hands of customer.



1. Product Characteristics

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

Just play it!



1.1 Cathy Doll: Just play it!

"Cathy Doll" is a vibrant beauty brand that brings excitement to the cosmetic industry with its huge selection of trendy beauty products which meets a vast spectrum of unique beauty needs and demands. Innovative products marketed under this brand spell fun, exploration and ultimately enjoyment, offering all-rounded beauty from head to toe. As a beauty leader always ahead of the times, the brand is well-suited for modern chic and tasteful females who welcome diversity with open arms, are playful yet adorable and charming, alike Cathy Doll who encourages all girls to showcase their profound beauty with confidence. Cathy Doll offers a diverse range of product choices as follows:

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

To expand our customer base, Cathy Doll launched a brand-new line of fragrances in year 2021. Products offered include perfume lotion and spray, and have since received magnificent market responses domestically, resulting in enhanced brand visibility, increased profits and sales volume.



In terms of collaboration, Cathy Doll successfully teamed up with Home Trend Company Limited, the sole licensee of Kakao Friends in Thailand and other Asian countries, to design and produce Cathy Doll x Kakao Friends cosmetic and skincare collection, a stepping stone to a higher level of the world of beauty. What's more, Cathy Doll also released exclusive beauty products for overseas clients in the past year to create and establish targeted international brand exposure.

BABY BRIGHT

Gift from nature

1.2 Baby Bright: Gift from Nature

Baby Bright is a modern green icon representing beauty gifts the nature has to offer for one's well-being. Inspired by all-natural nourishment mother earth has been providing since the beginning of time, the brand delivers an innovative skin care and cosmetic line centered around natural ingredients. A valuable gift that helps pamper and nourish the skin through the combination of beauty secrets from nature, products marketed under this brand gently revive skin's glow and deliver visible benefits to all skin types while topping up with nutrimental cosmetics to lessen the load of chemicals on one's face. Baby Bright offers a wide range of product choices as follows:

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

In 2021, Baby Bright partnered with Sanrio Wave Hong Kong Co., Ltd. to design and develop Baby Bright x Gudetama facial care treatment collection to raise brand awareness and increase export sales in overseas markets.





BOYA

PROFESSIONAL CARE

Professional care

1.3 Boya: Professional Care

Let 'BOYA' take you to the next level of professional body care regimen, embracing you with new experiences of innovative and aesthetic beauty treatments that cater to all hair and body nourishment needs. Featuring exclusively selected nutrients from superior Japanese flora and advanced production technology, BOYA creates inspiration for users to showcase personal beauty through powerful treatments that effectively pamper one's body from head to toe and unveil healthy-looking complexion with luminosity.

- Body Care and Cleanser
- Hair Care



Jejuvita

“Beauty is Yummy”

1.4 Jejuvita: Beauty is yummy

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

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





Everyday Happiness

1.5. Reunrom: Everyday happiness

A lifestyle and spa series founded upon preservation of Thai heritage and seeks to combine ancient and modern Thai skin care methodologies with the use of Thai herbs.



Reunrom bears close resemblance to ancient household remedies yet is well positioned in the modern world and comprises products to offer 4 types of happiness as follows:

- 1.) Happiness of delighted consumers
 - With exquisite product designs and visible benefits, Reunrom sets out to delight consumer and deliver happiness through every use of the products.
- 2.) Happiness embedded in Fair Price & Fair Trade
 - With fairness comes happiness. From Thai agriculturists to factories, retailer, consumers and the community at large, Reunrom seeks to spread happiness in the society through delivery of fine quality ingredients to creation of employment for the community as well as distribution of supreme quality products at fair prices for all.
- 3.) Happiness in sharing with and contributing towards the society
 - As a socially responsible corporation, Reunrom is yet another addition to KARMART's efforts in contributing back to society through consistent donations of portions of commercial profit to charity organizations.
- 4.) Happiness in promoting Thai Tourism and Culture
 - The happiness and pride in promoting Thai tourism and culture to the world through products that feature unique formulas and packaging inspired by ancient Thai traditions.

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

- Facial Care
- Body Care
- Scented Products
- Hair Care
- Body Perfume

Last year, Reunrom products received an immense volume of positive responses from consumers all over the country, allowing Reunrom to regain its position as a fragrance and aroma leader in Thailand. Additionally, Reunrom developed and designed a new line of lifestyle and spa products in 2021 and successfully reached out to a larger customer base.



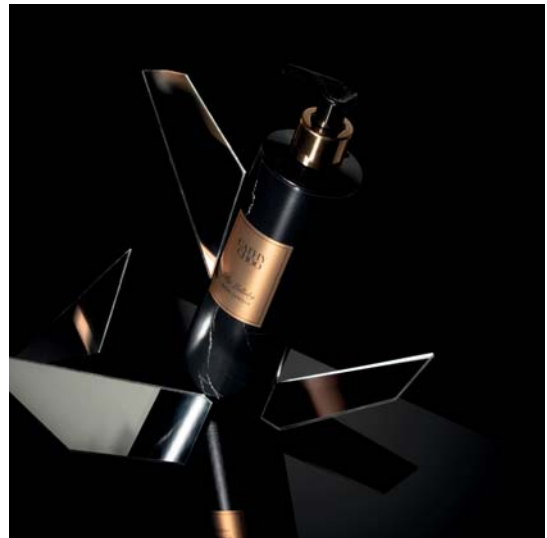
CRAYON

Coloring your life

1.6 Crayon: Coloring your life

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

- Makeup



CATHY CHOO

Boutique fusion spa

1.7 Cathy Choo: Boutique Fusion Spa

A fusion spa product line crafted out of impressive journeys to the east, west and various parts of the world coupled with the seamless blend of Thai spa and natural scents from spices, herbs, floral, woods and fruits, Cathy Choo caters to one's personal care and beauty needs. The brand also offers benefits of sensual and emotional therapy through relaxation delivered by spa products which elegantly reflect rich spa cultures around the world. Suitable for delicate ladies who fancy floral and herbal fragrances, sophisticated packaging that provides luxurious visual sensation is one of the distinctive points of Cathy Doll which offers product choice as follows:

- Body Care and Cleanser

SKYNLAB+

DERMATOLOGIC LABORATORIES

Special care for healthiness and wellness

1.8 SKYNLAB

With prime quality and advanced scientific formulation backed by premium laboratories in mind, SKYNLAB seeks to provide luxurious oral wellness, special acne care targeted at sensitive skin and personal care amidst the ongoing pandemic. Product offerings under this brand are developed by industry experts through scientific research to solve targeted problems without engaging substances that could cause collateral harm while providing benefits and include the following categories:

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

Due to the growing demand for hygiene and personal protection products as a result of the spread of Coronavirus, Skynlab swiftly responded to market changes and embarked in the production and distribution of alcohol-based hand sanitizers and face masks with the goal of alleviating supply shortage as well as making high-quality hygiene products accessible to all. Not only did the manufacturing of hygiene products contributed to the collective fight against COVID-19, it also demonstrated the adaptability and flexibility of the brand in face of adversity.



7CLEAN

セブンクリーン

1.9 7CLEAN

Inspired by the daily woes associated with dishwashing, 7 Clean is a household cleanser brand marketed under the concept "Clean and Safe", featuring 7 distinctive cleansing characteristics: (1) Sparkling Clean (2) Ultra-Clean (3) Shine-Boosting (4) Pleasantly Fragrant (5) Refreshing (6) Grease-Reducing (7) Anti-Bacterial. In addition to professional packaging, 7 Clean products are expertly infused with a fine selection of ingredients, safe and gentle on the hands. This new brand offers product choices as follows:

- Dishwashing products
- Hand sanitizer spray



7 Clean is also in the process of developing new cleaning products and formulations in compliance with 7 characteristics of the brand and has plans to launch new cleaning innovations in the near future.



Special Brand Project

1.10 Special Brands

Alongside the above-mentioned brands, KARMART also collaborates with notable beauty specialists such as makeup artists and hair stylists in Special Brand Projects to develop exclusive product lines, one of which is the distinguished brand “BROWIT by Nongchat” that specializes in makeup product lines for brows and eyes. The brand is jointly developed and associated with Mr. Chatchai Peangapichart who is also known as “Nongchat”, a top-notch Thai makeup artist who is widely known for his amazing makeup skills and outstanding works for celebrities. Thanks to overwhelming amount of positive feedback from Browit’s fans, the Company launched another makeup and skincare brand in 2021 named “THA by Nongchat” which translates the artist’s profound knowledge and expertise in the cosmetic industry into easy-to-use products.



The company plans to develop and design new brands with different identities and market positions from the existing brands and further build niche beauty brands with the aim of reaching ever-wider customer base and establishing strong relationships with them. Furthermore, the Company continues to conduct our endless search for breakthroughs in innovations, including extracts, production, packaging and tested-and-proven results.

2. Marketing and Sales

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

1. Modern Trade

Presently, KARMART distributes through the following modern trade channels:

1.1 Convenience Store

Convenience stores offer distribution advantages with large number of branches and convenient locations in the heartlands. Some of the Company's existing partners in this segment include 7-Eleven, Family Mart, MaxValu, Jiffy, Big C Mini, Lotus Express, Tops Daily, CJ Express and Lawson108 etc.



1.2 Supermarket, Hypermarket and Discount Store

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

1.3 Special Store

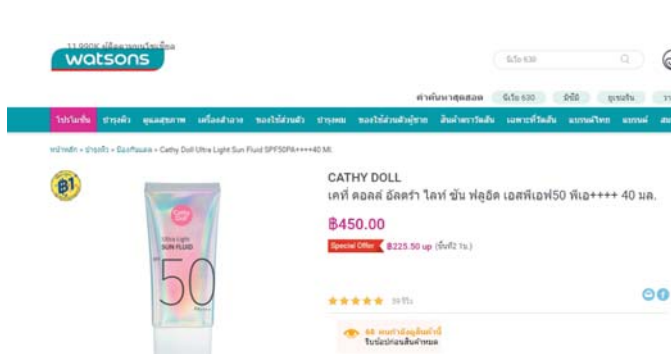
Focusing on consumables, pharmaceuticals, cosmetics, skin care and hair care products, specialty stores are obtaining popularity in view of their friendly services, convenient locations and up-to-date product offerings which can be considered as one of the high-potential sales channels that has shown sustainable growth potential. In this segment, KARMART currently distributes through Watsons, Boots, Beautrium and EVEANDBOY. Additionally, we also distribute the products in pharmacies such as Save Drug, Pure and eXtra Plus etc. that target special groups such as the health-conscious consumers. Unique diet supplements and pharmaceutical products are selected to match the distinguished nature of such distribution channel.

1.4 Catalogs

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



Due to the emergence of Coronavirus, the modern trade industry experienced a historic contraction in sales at the onset of the disease in 2020 as consumers were required to stay home and avoid crowded settings in order to prevent viral transmission and turned to digital channels instead. Reacting to the sharp decline in sales, many modern trade stores shifted from offline to online, including 7-Eleven, Tops Supermarket as well as Watsons. In 2021, modern trade made a gradual rebound as normalcy slowly resumed in the country.

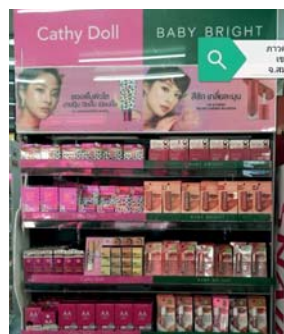


2. Traditional Trade or Dealer

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

This sales channel can be broadly sub-categorized as follows:

- 2.1 Cosmetic Shop Retailer
- 2.2 Localized Supermarket
- 2.3 Traditional-Turned-Online Grocery Store:
7-Eleven, Tops Supermarket and Watsons etc
- 2.4 Drug Store
- 2.5 Specialty Store



Apart from the above sales channels, the Company also implemented Van Sales marketing campaign with the goal of distributing products to localized communities directly and/or through localized grocery stores, supermarket and convenience stores, thereby enhancing brand presence and awareness among niche groups of locals in such localized communities and effecting increased sales and profitability.

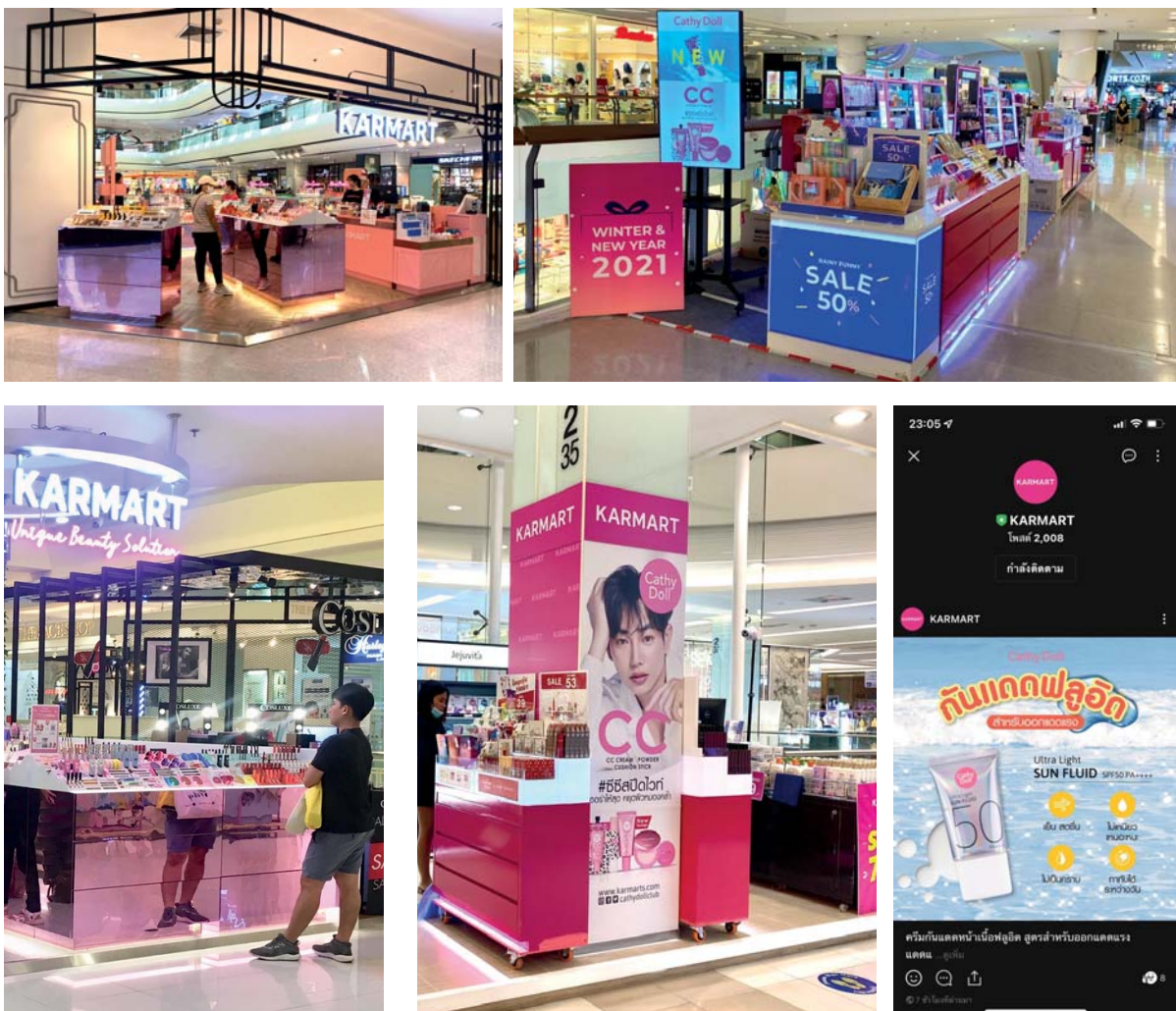
In 2022, the Company will focus on gaining new retail distributors with the goal of distributing products to even more localized communities.

3. Karmart Shop

KARMART shop is an important channel for the company, representing the overall corporate image and ensuring convenient access to all KARMART products in mass markets. It is also a key channel through which the company continuously gather and study consumer needs and create effective customer relationships which is a critical factor tied to brand loyalty.

At present, there is a total of 19 KARMART shops nationwide, of which 18 branches are standalone shops in department stores, community shopping centers, BTS skytrain stations located in Bangkok and its vicinity, and 1 branch is situated along high street.

As the digital economy continue to boom thanks to the pandemic, KARMART sees a great opportunity in growing its digital presence in the beauty industry and to serve the growing online market. In 2021, KARMART also launched online stores via Line and Facebook to facilitate more effective communication with customers and actively respond to their needs.



4. Export

Ventures into overseas export markets are prudent and strategized decisions which follow in-depth market analysis and the Company went to substantial lengths to launch our household brands internationally. Export partners or potential business partners are generally divided into 3 groups: Sole Distributor, Distributor and Joint Venture Partner. Presently, KARMART has successfully secured 14 distributorships in overseas markets which are Vietnam, Japan, Myanmar, China, Laos, the Philippines, United Arab Emirates, Malaysia, Taiwan, Iraq, United State of America, Hong Kong, Russia and Kuwait.



KARMART SHOP MYANMAR



KARMART SHOP VIETNAM



KARMART SHOP INDONESIA



KARMART SHOP INDONESIA

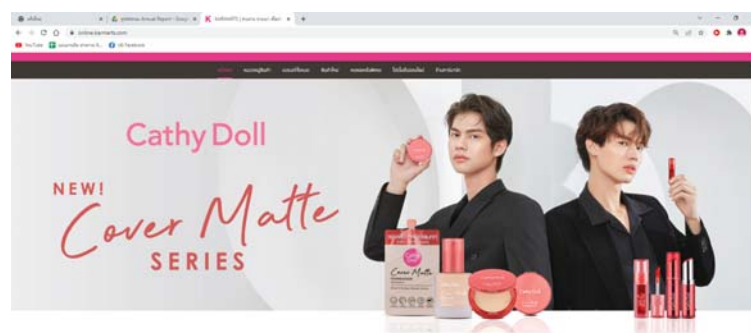
In 2021, Asian markets recovered from the pandemic-related recession faster than expected which enabled the Company to reach its sales goals in Malaysia, Vietnam, Myanmar, Philippines and Japan. Furthermore, Cathy Doll brand was introduced in the land of the Rising Sun in 2021 and received hugely positive feedback. At present, Cathy Doll products are sold through over than 30 Japanese modern trade channels, including TRIAL, Welcia, Tsuruha, Kawachi Pharmaceutical, Toshiya Pharmacy, Thank you drug, Drug Store Mori, Fit Care Depot, Don Quijote, Heiwado and such. In Kuwait, Cathy Doll skincare products are widely known and beloved by Kuwait influencers and beauty enthusiasts.

5. Online

Social Media is currently the most important communication channel predisposing consumers' buying behavior and KARMART penetrates this channel with delivery of extensive product information across the internet, thus allowing consumers to shop with utmost convenience anywhere at any time via E-commerce platforms. The company designs and builds the online sales channels upon critical founding aspects of offering prompt responses to meet customer needs, building and preserving positive relationships with customers as well as increasing brand loyalty. In 2021, the lingering spread of COVID-19 brought about a plethora of changes in consumer shopping behavior. With physical stores being closed for long periods of time, shoppers have no other alternative but to shop virtually. Hence, it is essential that the Company establish strong presence in the digital retail space though online stores on various E-commerce platforms.

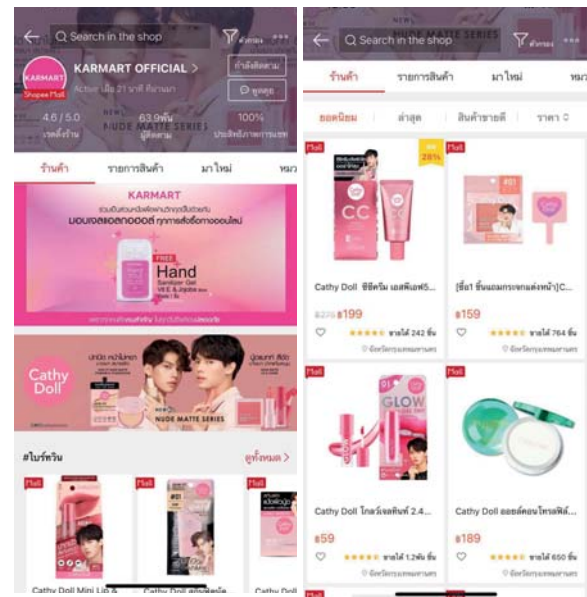
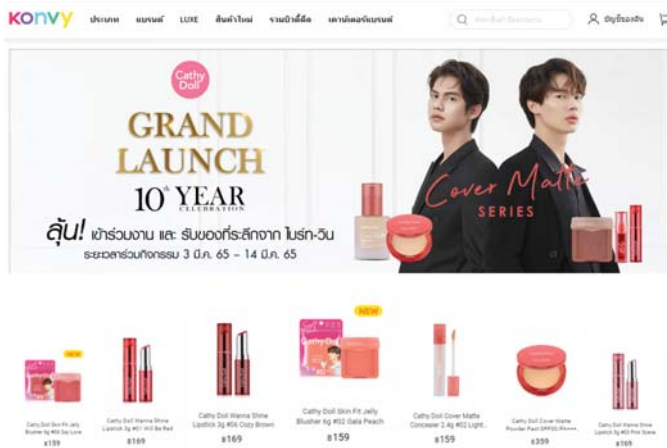
There are 3 types of online channels which have been established presently:

5.1 KARMART Online Store: www.karmarts.com



5.2 Social Commerce:

- LINE Official Account: @karmart, @karmarts_online shop, and line OA of Karmart Store Branches
- Facebook Karmartsclub: Live shopping and shopping via messenger
- Electronic Marketplaces: Lazada, Shopee, Konvy, ShopAt24, JD Central, Buzzebees and such



3. Product Development and Sourcing

Product development and sourcing are considered to be a prime priority of the Company in order to ensure safety, quality and fair and reasonable pricing that is accessible to all.

The product development and sourcing are divided into three parts as follows:

- 3.1 Finished goods (FG) that are produced and imported from overseas, manufactured by world-class Original Equipment Manufacturer (OEM) according to standards widely accepted by various leading cosmetic brands in order to ensure that the products meet our high standards for safety and quality.
- 3.2 Semi-finished goods that are not fully assembled and imported into Thailand to complete or separate packing process. The procurement of semi-finished goods may assist in reducing cost of production.
- 3.3 Self-manufactured goods that are locally produced at in-house manufacturing facilities to reduce importation expenses while ensuring effective utilization of production capacity. Self-manufactured goods may also better fulfil escalating expectations in today's competitive economic environment. The Company's manufacturing facilities are GMP ISO 22716 certified, ensuring that our cosmetic products are consistently produced and controlled in compliance with an internationally recognized standard. In 2021, the Company also acquired a medical device manufacturing certification, placing it in a strong position to develop and manufacture medical device products which will continue to see sustainable demand in the foreseeable future.

4. Marketing Communication

Since the Coronavirus Disease completely took over the world in 2020, it is evident that the New Normal has clearly altered our lives in a multitude of ways: the way we live, the way we interact with others, and the way we consume. This unexpected and swift change leads to the rise and fall of companies as we are aware of; therefore, the remaining companies instantly turn to digital marketing in order to survive COVID-19. Undeniably, KARMART was also tremendously affected by the economic and social disruption caused by the pandemic; however, we are able to bounce back quickly from the virus outbreak due to digital marketing strategies, online communication channels, and most importantly immediate actions, thereby becoming one of the leaders in digital beauty. A summary of communication channels adapted are as follows:

1. Online Media

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

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

Facebook: Karmartsclub, Cathy Doll, Baby Bright, Jejuvita, Reunrom Everyday, Skynlab_Official
 Instagram: Karmartsclub, Babybrightclub, Jejuvita_supplement, Reunromeveryday, cathydollclub, Skynlab_Official,
 Youtube: KarmartsClub
 Line Official: @KARMART
 Twitter : Cathydollclub, Babybrightclub, SKYNLAB_Official, Jejuvita_supplement
 Tiktok : CathyDollclub, Babybrightclub, SKYNLAB_Official

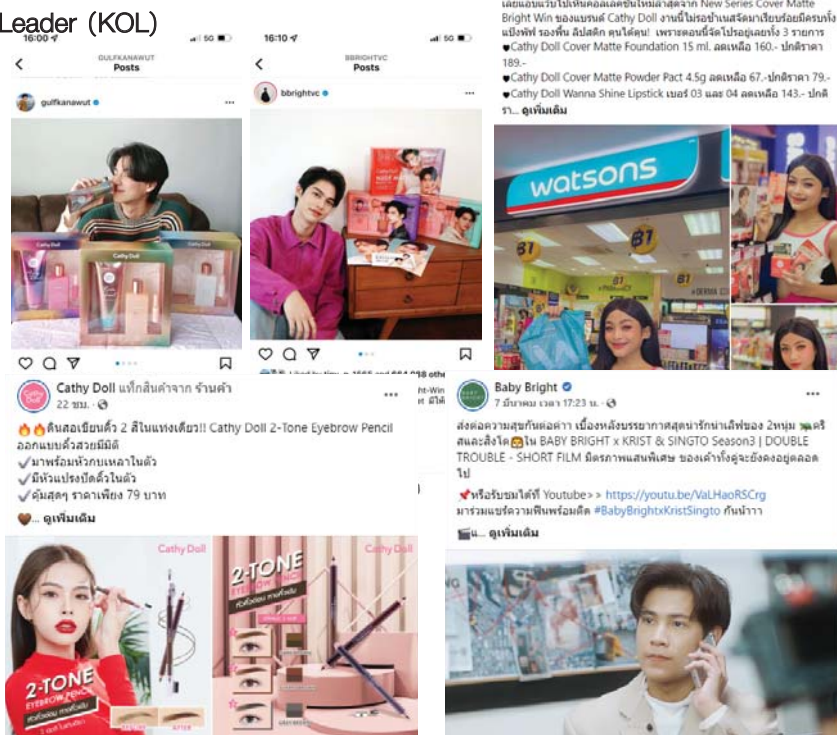


1.1 Influencer and Key Opinion Leader (KOL)

- Actor/ Actress/ Artist
- Beauty Blogger
- Instagrammer
- Youtuber
- Tiktok
- Popular Facebook Fanpage
- Internet Idol/ Model
- Beauty Leaders on Other Websites

Online Advertising

- Youtube
- Google
- Facebook
- Instagram
- Twitter
- Internal Advertising at Karmarts Headquarters



2. Offline Media

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

Point of Purchase Advertising (POP) is a type of marketing material that is aimed to deliver product information to customers at the point of sale, catching customers' attention and inciting them to purchase products immediately. The following is the Point of Purchase material used: Shelf Talker, Shelf Frame, Tent Card, Standee, X Banner Stand, Roll Up, Light Box, and etc.

2.2 Television (TV) Media

2.2.1 TV Commercial

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

2.2.2 TV Program

VTR in-out / Product Placement / Logo End credit / logo on LED /TV-Moderator/ 5-7 minutes media Interview to showcase the company's portfolio and its new series of products.

2.3 Print Media

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

2.4 Out-of-Home Media

The Out-of-Home Media was severely affected by the Covid-19 crisis as travel restrictions and physical distancing have been implemented across the country; therefore, people are bound to stay at home and venture outside less frequently than ever before to prevent and mitigate the viral spread. In other words, the more difficult it is to travel, the less Out-of-Home media is seen by audience. Thus, in 2021 the Company focused on the usage of digital media as a primary instrument for promoting and introducing new products to target audience.



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



Cathy Doll Eau De Parfum & Perfume Lotion X Gulf



Cathy Doll Speed White CC Cream



Cathy Doll Speed White CC Cream

3. Brand Ambassador /Brand Presenter

The following is presenters of each brand under KARMART in 2021:

CATHY DOLL

- Saipan — Jiraporn Buranapong
Representing Cathy Doll Ultralight Sun Fluid SPF50 PA++++
- Bright — Vachirawit Chivaaree
Representing Cathy Doll Skin Fit Nude Matte Foundation and Cathy Doll Skin Fit Nude Matte Powder Pact SPF30 PA+++
- Win — Metawin Opas-iamkajorn
Representing Cathy Doll Nude Matte Lipstick, Cathy Doll Lip & Cheek Nude Matte Tint, Cathy Doll Glow Gel Tint, and Cathy Doll Nude Matte Blusher
- Peck — Palichoke Ayanaputra
Representing Cathy Doll Speed White CC Series, including Cathy Doll Speed White CC Cream SPF50 PA+++, Cathy Doll Speed White CC Powder Pact SPF40 PA+++, and Cathy Doll CC Cushion Stick
- Weir — Sukollawat Kanarot
Representing Cathy Doll Facial Care Products, including Cathy Doll Super Girl Charcoal Nose Cleansing Strip, Cathy Doll Whiteheads Cleansing Black Clay Mask, Cathy Doll Black Spots Cleansing White Clay Mask, and Cathy Doll Cica Anti Acne Spot Clay Mask
- Gulf — Kanawut Traipipattanapong
Representing Cathy Doll Perfume and Cathy Doll Perfume Lotion Series



BABY BRIGHT

- Krist — Perawat Sangpotirat
Representing Baby Bright Foundation and Pressed Powder Category: Baby Bright Watermelon & Tomato Matte BB Cream SPF45 PA++, Baby Bright Watermelon Matte BB Powder, Baby Bright CC Plus Cream SPF45 PA++, and Baby Bright CC Vitamin C Powder Pact
- Singto — Prachaya Ruangroj
Representing Under-Eye Care Products, including Baby Bright Tomato & Gluta Bright Eye Roller Serum, Baby Bright Aloe Vera & Fresh Collagen Eye Roller Serum, Baby Bright 5Hya & Peptide Firming Eye Roller Serum, Baby Bright Tomato & Gluta Eye Mask Patch, Baby Bright Aloe Vera & Fresh Collagen Eye Mask Patch, Baby Bright 5Hya & Peptide Firming Eye Mask Patch
- Mew — Nittha Jirayungyurn
Representing Lip Color Products, including Baby Bright Lip & Cheek Matte Tint, Baby Bright Lip & Cheek Peach Glow Tint, Baby Bright Lip & Cheek Color Stain Essence, Baby Bright Lip & Cheek Velvet Cherry Blossom, and Baby Bright Mineral Matte Lip Paint



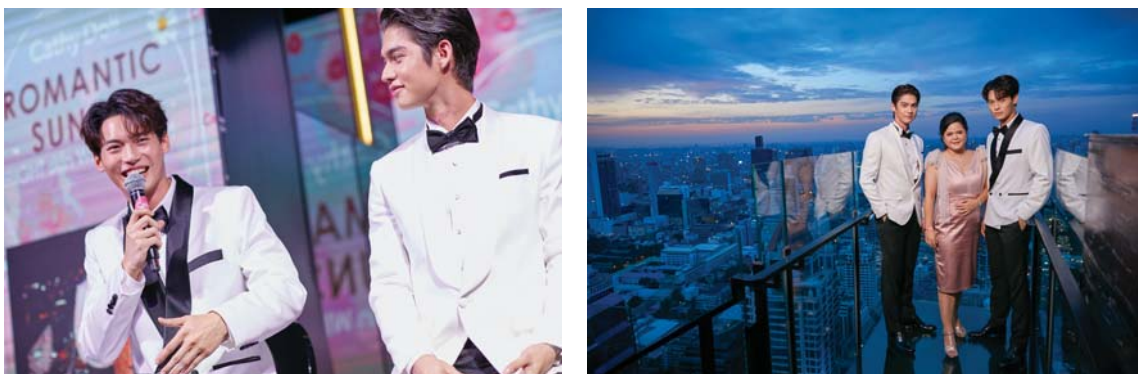
4. Marketing Communication Activities

2021 witnessed the showcase of many exceptional milestones of KARMART through events organized with the aim of better reaching out to KARMART supporters and the mass consumers, elevating brand value and loyalty as well as boosting sales performance through promotions.

4.1 Cathy Doll Nude Matte Summer Private Cruise with Bright-Win was successfully organized and filled with countless unforgettable moments under the tremendous influence of the undeniably handsome presenters: "Bright - Vachirawit" and "Win - Metawin" on Wednesday 10 March 2021 on Saffron Cruise Chao Praya, achieving the goal of promoting the Nude Matte series of products: Cathy Doll Skin Fit Nude Matte Foundation, Cathy Doll Skin Fit Nude Matte Powder Pact SPF30 PA+++, Cathy Doll Nude Matte Lipstick, Cathy Doll Lip & Cheek Nude Matte Tint, Cathy Doll Glow Gel Tint, and Cathy Doll Nude Matte Blusher.



4.2 Cathy Doll Romantic Sunset BRIGHT Skin WIN My Heart was successfully held and filled with countless precious memories, featuring 2 heart-melting presenters: "Bright - Vachirawit" and "Win - Metawin" on Monday 29 November 2021 at Banyan Tree Bangkok, achieving the goal of increasing the sales of the Nude Matte series: Cathy Doll Skin Fit Nude Matte Foundation, Cathy Doll Skin Fit Nude Matte Powder Pact SPF30 PA+++, Cathy Doll Nude Matte Lipstick, Cathy Doll Lip & Cheek Nude Matte Tint, Cathy Doll Glow Gel Tint, and Cathy Doll Nude Matte Blusher.





4.3 Cathy Doll Week of Love Peck Palitchoke”:

The more you buy, the higher your chance of getting free Peck Acrylic Standee with 5 different designs!!
Promotion period: 1 November – 5 November 2021.
Aim: promote and enhance the sales of Cathy Doll Speed White CC Series, including Cathy Doll Speed White CC Cream SPF50 PA+++, Cathy Doll Speed White CC Powder Pact SPF40 PA+++, and Cathy Doll CC Cushion Stick.



4.4 Cathy Doll x Sp Saypan Happy Summer. This exclusive summer party was held by Cathy Doll in collaboration with Thai prominent beauty bloggers on Ocean Emerald Super Yacht in order to promote as well as increase the sales of Cathy Doll Ultralight Sun Fluid SPF50 PA++++.



4.5 Beautrium x Cathy Doll – Year End Mega Sale: On Saturday 18 December 2021 at Central Ayutthaya, Cathy Doll held a Year End Mega Sale in partnership with Beautrium and Weir – Sukollawat Kanarot, aiming to increase the sales of Cathy Doll skincare products which are Cathy Doll Super Girl Charcoal Nose Cleansing Strip, Cathy Doll Whiteheads Cleansing Black Clay Mask, Cathy Doll Black Spots Cleansing White Clay Mask, and Cathy Doll Cica Anti Acne Spot Clay Mask.



4.6 Cathy Doll “Top Spenders: Perfume & Perfume Lotion”: Cathy Doll held a successful launch of a brand-new perfume products at Karmarts Public Co. Ltd., Headquarters and debuted Gulf – Kanawut Traipipattanapong as the presenter of Cathy Doll Perfume Lotion and Eau de Parfum series. The event was also simultaneously broadcasted through Shopee Live Streaming with the purpose of promoting and boosting the above products’ sales as well.

4.7 Cathy Doll Whitamin C Series x Push – Puttichai Kasetsin FB Live Streaming: Joined by a Thai multi-talented actor, Push – Puttichai Kasetsin, this live streaming was conducted as a virtual campaign to promote and increase the sales of Cathy Doll Whitamin C Day Cream & Cathy Doll Whitamin C Spot Serum.



4.8 Baby Bright X Krist & Singto ฟ้า CHILL ฟ้า FRIENDS: ended beautifully with precious memories thanks to the participation of irresistible heart-throbbing presenters: Krist – Perawat Sangpotiratt and Singto – Prachaya Ruangroj on Saturday 20 November 2021 at the Peninsula Bangkok with the intention of promoting and increase sales of the Baby Bright base makeup and under-eye care products as follows: Baby Bright Watermelon & Tomato Matte BB Cream SPF45 PA++, Baby Bright Watermelon Matte BB Powder, Baby Bright CC Plus Cream SPF45 PA++, Baby Bright CC Vitamin C Powder Pact, Baby Bright Tomato & Gluta Bright Eye Roller Serum, Baby Bright Aloe Vera & Fresh Collagen Eye Roller Serum, Baby Bright 5Hya & Peptide Firming Eye Roller Serum, Baby Bright Tomato & Gluta Eye Mask Patch, Baby Bright Aloe Vera & Fresh Collagen Eye Mask Patch, and Baby Bright 5Hya & Peptide Firming Eye Mask Patch.



4.9 Baby Bright Shop CHILL Feel GOOD: is a sales promotion with the intention of promoting and increase sales of the Baby Bright base makeup and under-eye care products as follows: Baby Bright Watermelon & Tomato Matte BB Cream SPF45 PA++, Baby Bright Watermelon Matte BB Powder, Baby Bright CC Plus Cream SPF45 PA++, Baby Bright CC Vitamin C Powder Pact, Baby Bright Tomato & Gluta Bright Eye Roller Serum, Baby Bright Aloe Vera & Fresh Collagen Eye Roller Serum, Baby Bright 5Hya & Peptide Firming Eye Roller Serum, Baby Bright Tomato & Gluta Eye Mask Patch, Baby Bright Aloe Vera & Fresh Collagen Eye Mask Patch, and Baby Bright 5Hya & Peptide Firming Eye Mask Patch. Every THB 700 spent on the above products is equal to 1 chance of receiving free 1pc Krist – Singto Handheld Mirror.



4.10 Monthly Giveaway Campaign on Facebook Page: A giveaway campaign was conducted monthly on the Facebook Page of each brand under Karmart in order to introduce new products to existing and new customers as well as establishing strong relationships with them.

5. Assets for Business Undertaking

5.1 Fixed Assets and Company Lease

Type of Property	Type of Ownership	Carrying Amounts (THB)	Obligation
1. Construction in Progress			
– Office and factory	Owner	14,956,235.37	
2. Land Improvements			
– Office		3.00	
3. Land			
– Land (road part – dormitory) 1 Rai – Ngan 25.9 Square wa 140 Moo 4 Mapyangporn, Plugdang, Rayong	Owner	541,100.55	
– Land with factory 14 Rai – Ngan 70.10 Square wa 140/1 Moo 4 Mapyangporn, Plugdang, Rayong	Owner	56,701,000.00	*
– Land with office 2 Rai 2 Ngan 29 Square wa 81–81/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok.	Owner	53,508,000.00	*
– Land with factory – in Bangkok 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	7,350,000.00	*
– Land with factory and car park – in Bangkok 83 Square wa Title deeds no. 57469 and 142036 – 38	Owner	5,395,000.00	
– Land 129 Square wa 270/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok.	Owner	7,095,000.00	
– Land 3 Rai 60.90 Square wa 263, 265, 267 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok.	Owner	73,103,200.00	
– Land 120 Square wa Title deeds no. 57381 House no. 117 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok.	Owner	7,143,925.23	
– Land as car park 153 Square wa Title deeds no. 56835 – 36	Owner	10,000,000.00	
Grand Total Value of Land		256,117,225.78	

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		15,651,912.35	
5. Building			
5.1 Office 81-81/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok		3.00	*
5.2 Factory and Warehouse 140 Moo 4 Mapyangporn, Plugdang, Rayong		25,657,277.38	*
5.3 5-Story Office Building 81-81/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	41,425,359.98	*
5.4 3-Story Office Building 270/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	6,690,272.35	
5.5 3-Story Warehouse Building 265/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	17,875,297.41	
5.6 Condominium 66/456 Floor 24 77.47 Sqaure meter	Owner	4,213,266.96	
Total Value of Buildings		95,861,477.08	
6. Machinery and Equipment	Owner	43,385,547.99	
140, 140/1 Moo 4 Mapyangporn, Plugdang, Rayong			
81-81/1 Phetchakasem 54 Yak 3 Phasicharoen, Bangkok.			
7. Motor Vehicles	Owner	24,697,032.98	
8. Right — of — use assets	Owner	8,817,551.72	
Grand Total Value of Assets		<u>459,486,986.27</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, Plugdang, Rayong	Owner	67,726,050.00	*
Total Value of Land		<u>67,726,050.00</u>	
2. Building Factory and office building 140 Moo 4 Mapyangporn, Plugdang, Rayong	Owner	53,973,950.00	*
Total Value of Buildings		<u>53,973,950.00</u>	
Grand Total of Real Estate Investment		<u>121,700,000.00</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 THB 219.92 million as of 31 December 2021 as collateral for short and long-term commercial lending. Concurrently, real estate investments with net value totaling THB 121.70 million as of 31 December 2021 were applied as collateral for short and long-term line of credit.

5.2 Intangible Assets**Karmarts Public Company Limited**

The Company purchased an ERP (Enterprise Resource Planning) program at an aggregate cost of THB 13,329,010.60 during the year as an integrated system to aid optimize business processes and offering efficient management for improving accuracy and effectiveness of internal communication. All in, Net Intangible Assets as of 31 December 2021 was THB 1,422,886.80.

1.3 Shareholding Structure

1.3.1 Shareholding structure of the group of companies

Subsidiaries

J Kos Laboratories Co., Ltd.

J Kos Laboratories Company Limited (J Kos) focuses on the core business of manufacturing of skin care, cosmetics, fragrances, cosmetics accessories and such. KARMART had invested in J Kos through the purchase of 1,400,000 ordinary shares at par value of THB 5 per share representing 70% of issued shares (with total registered share capital of J Kos as THB 10,000,000).

Pa Donphutsa Co.,Ltd.

Pa Donphutsa Co.,Ltd. operates core businesses in the fields of forestation, agricultural plantation and conservation of large-size endangered aquatic species. KARMART invested in Pa Donphutsa on 15 October 2021 through the purchase of 150,000 ordinary shares at par value of THB 110 per share, totaling THB 16,500,000. On 12 November 2021, the Company purchased another 22,000 shares at par value of THB 100 per share, totaling THB 2,200,000. All in, the total amount of purchased shares is 172,000 and total value of investment is THB 18,700,000, representing 86% of issued shares (with total registered share capital of Pa Donphutsa as THB 20,000,000).

KJF GLOBAL Co.,Ltd.

KJF GLOBAL Company Limited is a wholesaler and retailer of cosmetic products acquired for focal operations as "House Brand". KARMART invested in KJF GLOBAL through the purchase of 9,997 ordinary shares at par value of THB 100 per share representing 99.97% of issued shares (with total registered share capital of KJF GLOBAL as THB 1,000,000).

Associates

The Iconic Property Company Limited

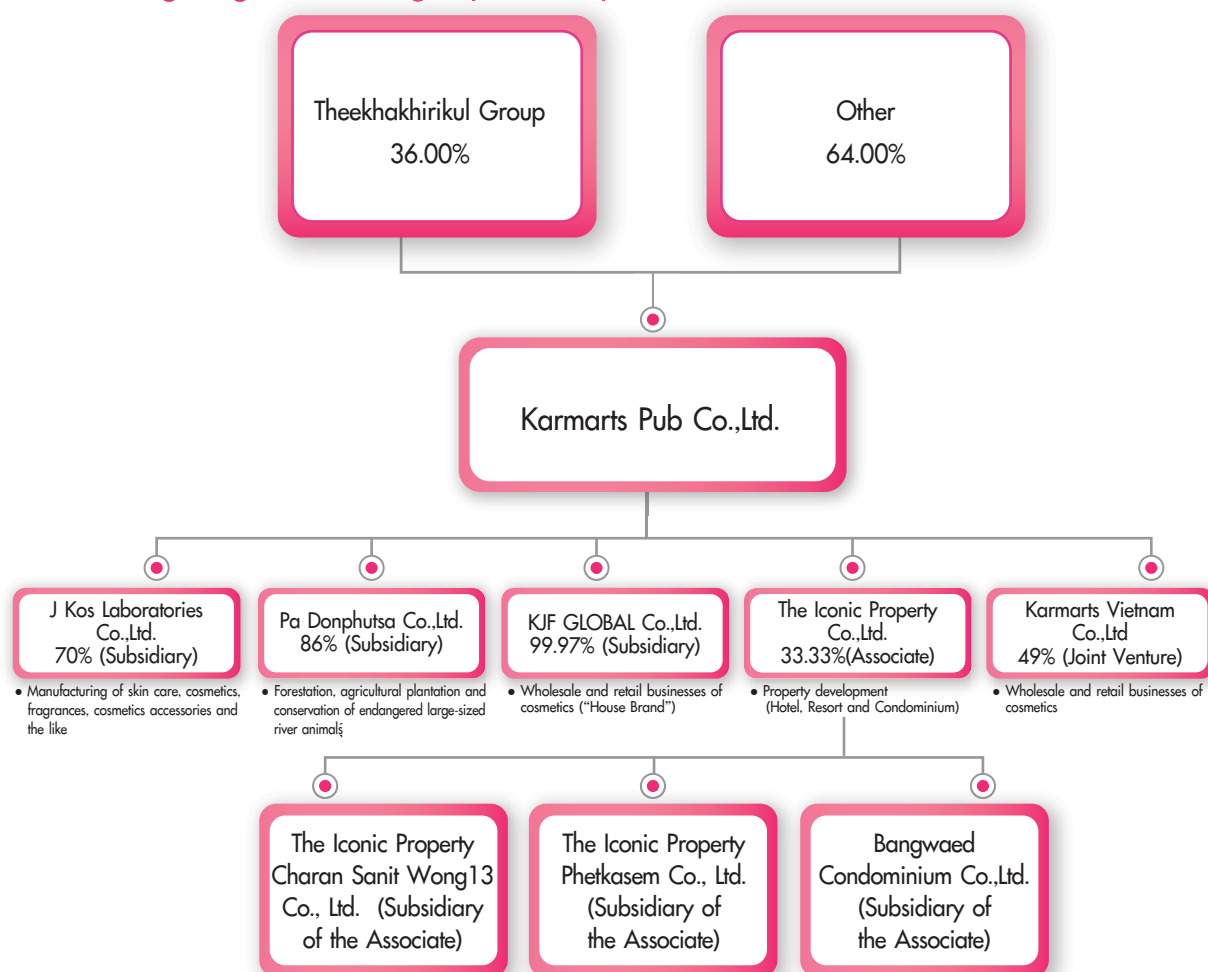
The Iconic Property Company Limited (The Iconic) is a rising star in Property development industry (Hotel, Resort and Condominium). KARMART invested in ordinary shares of The Iconic Property Company Limited ("The Iconic") with a total amount of 7,102,999 shares at par value of THB 10 per share or 33.33% of issued shares (with total registered share capital of The Iconic as THB 213,090,000). In 2016, the said associate established its three subsidiaries which are The Iconic Property Charan Sanit Wong 13 Co.,Ltd., The Iconic Property Phetkasem Co.,Ltd. and Bangwaek Condominium Co.,Ltd. Each subsidiary has a registered share capital of THB 1 million and is primarily engaged in property development business.

Joint venture

Karmarts Vietnam Company Limited

Karmarts Vietnam Company Limited operates core businesses in the field of wholesale and retail businesses of cosmetics in Vietnam. KARMART aggregated USD 98,000 or approximately Baht 3.56 million for the investment. With that, KARMART now holds 49% of the issued and paid-up shares of USD 200,000 in this company. The Company recorded the investments in this company as investments in joint venture since the investment date. This company's operation period is set as 50 years, starting from the date of incorporation, 9 October 2015.

Shareholding diagram of the group of companies



On 12 July 2013, the company invested in Tao Bao Co.,Ltd. as a strategic enhancement to online sales of cosmetics.

During the third quarter of 2014, Tao Bao Co.,Ltd. changed its company name to J Kos Laboratories Co.,Ltd. and changed its business type to manufacturing of skin care, cosmetics, fragrances, cosmetics accessories and such.

The Iconic Property Company Limited (The Iconic) operates core businesses in the fields of property development (Hotel, Resort and Condominium). KARMART invested in ordinary shares of The Iconic Property Company Limited ("The Iconic") with a total amount of 7,102,999 shares at par value of THB 10 per share or 33.33% of issued shares (the registered share capital of The Iconic is THB 213,090,000). In 2016, the said associate established its three subsidiaries which are The Iconic Property Charan Sanit Wong 13 Co.,Ltd., The Iconic Property Phetkasem Co.,Ltd. and Bangwaek Condominium Co.,Ltd. Each subsidiary has the registered share capital of THB 1 million and is engaged in property development business. In 2020, a new subsidiary was established which is Pa Donphutsa Co.,Ltd.

Pa Donphutsa Co.,Ltd. On 15 October 2021, the Company's Board of Directors passed a resolution to approve the purchase of 150,000 ordinary shares of Pa Donphutsa Co., Ltd., a subsidiary of the associate (or 75% of the total issued and paid up 200,000 shares) from The Iconic Property Co., Ltd., (the associate). On 1 November 2021, the Company paid a total of THB 16.5 million for the share purchase. The Company also henceforth changed the recording of investments in Pa Donphutsa Co., Ltd. from investments in indirect associated company to investments in subsidiary from the said investment date onwards.

Subsequently, on 12 November 2021, the Company purchased 22,000 additional ordinary shares of Pa Donphutsa Co., Ltd. (or 11% of the total issued and paid up 200,000 shares) from former shareholders at a par value of THB 100 per share, totaling investments at 2.2 million as of 31 December 2021,

KJF GLOBAL Co., Ltd. On 11 November 2021, the Company's Board of Directors passed a resolution to establish a new company named KJF GLOBAL Co., Ltd. with a registered share capital of THB 1 million. On 2 February 2022, the Company invested THB 999,997 (representing 99.97% of the total issued and paid-up capital of 10,000 shares) in this company.

1.3.2 Shareholders Structure

1. List of major shareholders

List of 10 Major Shareholders of the Company as of 11 March 2022 as follow

Shareholders' Name				Amount	%Owned
1.	Theekhakhirikul Group			316,806,474	36.001
	Mr. Wiwat	Theekhakhirikul	204,083,788	23.191	
	Mr. Polkrit	Teekhakhirikul	39,893,333	4.533	
	Ms. Woramol	Teekhakhirikul	35,933,333	4.083	
	Mr. Parit	Teekakirikul	33,025,200	3.753	
	Mr. Wongwiwat	Theekhakhirikul	2,184,620	0.248	
	Ms. Narapan	Theekhakhirikul	1,030,000	0.117	
	Mr. Pongwiwat	Theekhakhirikul	535,200	0.061	
	Ms. Chonrada	Theekhakhirikul	121,000	0.014	
2.	Mr. Thammarith Aeksamith			33,009,600	3.751
3.	Mr. Aekkarith Aeksamith			32,069,333	3.644
4.	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH			30,649,733	3.483
5.	UBS AG SINGAPORE BRANCH			30,000,000	3.409
6.	Thai NVDR Co., Ltd			27,659,133	3.143
7.	Mr. Chalermdech Leewongcharoen			23,905,466	2.717
8.	Mr. Piranart Chokwatana			12,194,000	1.386
9.	PHILLIP SECURITIES PTE LTD.			10,000,000	1.136
10.	Miss Chanatip Sritakul			9,666,793	1.099
11.	Other			354,037,484	40.232
Total				879,998,016	100.000

1.4 Amounts of registered capital and paid-up capital

The Company has a registered capital of Baht 528,000,000, of which Baht 527,998,810 is paid up, divided into Baht 879,998,016 ordinary shares, at Baht 0.06 per share.

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 the issuance of the said newly issued warrants. The Company registered the increase of its share capital with the Ministry of Commerce on 25 April 2013.

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

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

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

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

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

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

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

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

1.6 Dividend payment policy

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

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2020	Annual General Meeting of the shareholders on 22 April 2021	35,200	0.04
Dividends for operating results from 1 January 2021 to 31 March 2021	Board of Directors' meeting on 13 May 2021	35,200	0.04
Dividends for operating results from 1 April 2021 to 30 June 2021 and retained earnings	Board of Directors' meeting on 11 August 2021	35,199	0.04
Dividends for operating results from 1 July 2021 to 30 September 2021	Board of Directors' meeting on 11 November 2021	35,198	0.04
Total dividends for 2021		140,797	0.16
Final dividends for 2019	Annual General Meeting of the shareholders on 5 May 2020	61,600	0.07
Dividends for operating results from 1 January 2020 to 31 March 2020	Board of Directors' meeting on 14 May 2020	26,400	0.03
Dividends for operating results from 1 April 2020 to 30 June 2020	Board of Directors' meeting on 10 August 2020	26,399	0.03
Dividends for operating results from 1 July 2020 to 30 September 2020	Board of Directors' meeting on 13 November 2020	35,199	0.04
Total dividends for 2020		149,598	0.17

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 2021, 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 and audit of financial statements by Auditor Certified Public Accountant in entirety in terms of the accuracy of all financial representations. There was no significant flaw in the Company's internal accounting control and the Company has applied suggestions and comments from Audit Committee leading to enhancements that prevented any error from occurring.
3. Proactive evaluation of internal control system as well as performance of all departments and its subsidiaries on a regular basis

2.2 Risk Factors

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

Credit risk

The Group, as a whole, is exposed to credit risk primarily with respect to trade accounts receivables, loans made to other parties, 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 Risk

The Group manages trade accounts receivables risk by adopting appropriate credit control policies and procedures to avoid material financial losses. Outstanding trade accounts receivable are regularly monitored. In addition, the Group maintains a large customer base across various industries to reduce concentration of such credit risk.

An impairment analysis is performed at each predefined 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. Calculation reflects probability-weighted outcome, 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.

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 2021 and 2020 hover below USD 4 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, 2021 was USD 3.77 million with an average exchange rate of 33.4199 Baht/USD. (2020: USD 3.70 million with an average exchange rate of 30.0371 Baht/USD)

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. 35.1: Interest rate risk.

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.

Inventory Devaluation Risk

Demands and supplies of cosmetics and skincare products come with great volatility. In 2021 and 2020, the company held an average inventory of 19.45% and 21.56% of all assets respectively and has an average selling period of 115 days.

The company reserves devaluation of inventory aged between 1 – 3 years of Baht 16 million and another Baht 25 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. BUSINESS SUSTAINABILITY DEVELOPMENT

This Sustainability Development Report is prepared annually to deliberate the performance of the Company from 1st January to 31st December 2021 in terms of policies and management approach concerning sustainable development. Sustainability aspects of performance, namely economic, social and environmental, are herein covered and communicated to all stakeholders.

3.1 Overall Policy

The Company is committed to operating its business with responsibility and promoting transparency, auditability and ethics. This includes respect for human rights, consideration of stakeholders' benefit, assuring good quality and safety for products, caring for community and environment, conforming to law and other requirements or related international practices as well as developing and improving sustainable corporate social responsibility by conforming to the following 3 practical principles:

1. Human Development: focusing on stakeholders, employees, youths in communities, people at large and business partners by providing self-development skills, improving work performance, and strengthening career pathways.
2. Socially Responsible Production Process: the production process is continuously adjusted to uphold eco-friendliness and safety for both environment and consumers.
3. Care and Development within and beyond Business Alliances: engagement of business alliances, especially business partners and representatives, and encouraging them to organize activities for individual and joint organizational development as well as development of communities in general.

Corporate Sustainability

The Company runs its business with good faith, bearing responsibility for any impact relating to its business operation throughout the supply chain and ensuring transparency, auditability, ethics, respect for human rights and stakeholders' benefit. In this regard, the Company emphasizes on good quality of product consumer safety, actual or potential impact on the communities and environment and complies with legal requirements and relevant regulations or global standards. The Company also develops and continuously improves its internal framework to ensure sustainability of and excellence in corporate social responsibility foundation embedded in a framework including 3 dimensions, namely economic dimension, social dimension and environmental dimension.

3.2 Stakeholder Engagement

The Company strives to become a leader in the cosmetic market in the AEC with its expertise in products and services, and become a leader of Innovation by delivering eco-friendly products to the market. Concurrently, the Company focuses on reliability and good governance based on transparent and auditable organizational management as well as communication between the Company and its stakeholders to identify top priorities and monitor the corporate governance implementation on a regular basis.

1. Management of Potential Impacts on Stakeholders in Value Chain

1.1 Value Chain

The Company pays great attention to managing its value chain pertaining to business operations and processes, which form the pillars to achievement of set goals. In this regard, management approach is dedicated to each oriented procedure to ensure well compliance and effectiveness as follows:

- 1.1.1 Continuous assessment of Market Requirement and Analysis to stay afloat of changing consumer preferences.
- 1.1.2 Research & Development
 - Design preliminary formula, carry out laboratory testing and analyze test results
 - Application and on-site testing in production division
 - Finalization of formula and production procedures to ensure supply meets market needs.

1.1.3 Procurement

- Procure raw materials in good quality and at good 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.
- Quality control

1.1.5 Marketing & Sales

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

1.1.6 Provide after-sales service, consulting service and know-how contents and/or experience sharing

1.2. Analysis of Stakeholders in Value Chain

Guidelines for Stakeholder Engagement and Material Concerns

The Company operates its business with due consideration accorded to all groups of stakeholders in the Company's value chain, considering all actual or potential positive and negative impacts.

1. Each business unit is responsible for identifying and analyzing stakeholders related to its business operations by identifying stakeholders subject to factors including dependency, responsibility, influence and other factors as appropriate.
2. Define levels of the Company's economic, social and environmental impacts on stakeholders at large.
3. Define levels of both positive and negative impacts on stakeholders that may in turn influence the Company in terms of finance, reputation, laws and regulations.
4. Categorize stakeholders according to the levels of impact that the Company has on them as well as their corresponding influence on the Company.
5. Define appropriate engagement approaches for each stakeholder group to build a bond and manage stakeholders' expectations through survey, dialogue session etc.

Stakeholder Engagement Method & Issues

Stakeholders	Concern & Expectation	Method of Promoting Participation
Employees	<ul style="list-style-type: none"> – Safe workplace implementation according to international standards. – Environmental management according to international standards. – Training for career development. – Proper remuneration, welfares and career progression paths. 	<ul style="list-style-type: none"> – Safety, Health and Environment Committee has been appointed and holds regular meetings to address concern, – Educate employees 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 and in line with relevant standards; development of employees' special work skills. – Employee feedback survey through annual employee dialogue program, – Communication of the "Corporate Strategy & Objectives" by Chief Executive Officer – Meeting with CEO,
Community	<ul style="list-style-type: none"> – Environmental management carried out in line with international standards, – Education and knowledge sharing, skills, 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 facilities 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 customer value etc., – Delivery of service value to customers such as whistleblowing channels (Call center) and product warranty, – 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, product introduction, and training service, - 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 suppliers with transparency, auditability and favorable business terms, - Effective exchange of information, suggestion and recommendations, development of quality, environment safety 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 return 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, - Research & development for operational excellence. 	<ul style="list-style-type: none"> - Annual General Meeting of Shareholders, - Prompt updates on operationa 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 problems caused by operations, - Publication of annual report and sustainability development report,
State sector	<ul style="list-style-type: none"> - Compliance with applicable laws and other 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 perform 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, - Submission of report and relevant document under the required submitting date, - 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, – Usage of full range 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.

2. Fair Business Conduct

Guidelines to treat all stakeholders with responsibility are defined in the Company's corporate governance and code of conduct handbook. Stakeholders include shareholders, employees, customers, business partners, and contractual parties as well as communities, society and environment. The handbook also embraces the principles of free and fair competition, prevention of conflict of interest and intellectual property infringement and anti- corruption in all forms. The key policies are determined as follows:

1. Corporate governance

The Company aims to operate its business with fairness, honesty, transparency, as well as disclose material information based on accountability and auditability. The Company considers both the benefits and impacts that may be experienced by shareholders, customers, business partners, employees and all stakeholders. In addition, the fair benefit sharing must be considered as appropriate. In this regard, the Board of Directors has determined corporate governance guidelines for directors, management, and employees to comply with.

2. Corporate social responsibility

The Company has determined the corporate social responsibility policy guided by ethics to ensure fairness among all stakeholders. The principles of good corporate governance also serve as guidelines for the Company to strike a balance among its performance in various aspects such as economics, community, society and environment. The belief that corporate social responsibility will lead business to sustainable success is deeply grounded within the Company.

3. Compliance with applicable laws, rules and regulations

The Company recognizes the significance of compliance with applicable laws and regulations pertaining to environment, occupational health and safety at local, regional and national levels, including the code of conduct applied in accordance with international standards. Directors, management and employees must comply with applicable laws, rules and regulations, and all members should avoid being involved in, supporting, or otherwise violating laws and related regulations

4. Supervision of compliance with intellectual property laws

The Company must not commit misconduct that violates intellectual property rights and ensure that the directors, management, and employees comply with intellectual property laws and regulations.

5. Promotion on efficiency of resource utilization

All of the Company's directors, management and employees are encouraged to appropriately, efficiently and sustainably use resources for the utmost benefit. The Company communicates with all employees and stakeholders periodically to promote and educate responsible use of resources for the best benefit of the Company and to ensure adequate awareness of resource management among related parties.

Anti-Corruption

The Board of Directors determines the anti-corruption policy, whistleblowing measures, investigation procedures of fraud, corruption, and wrongdoing, penalty for false whistleblowing and complaint, confidentiality and whistleblower protection from retaliation.

3.3 Social Sustainability

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 the corporate social responsibility projects embarked on:

Employee and Labor Care

The Company believes that human capital is at the heart of enhancing the Company's competitive edge. Therefore, the human capital management system focuses primarily on human rights, recruitment, satisfaction and attraction, performance evaluation and employee engagement to drive ongoing successes. As such, employee and labor care is a material issue that the Company pays attention to.

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 rights and freedom must be protected against misuse of personal data i.e., disclosing or transferring information such as profile, health record, work experience or other personal data to any party who is not concerned.
- **Respect for humanity, equality and workforce diversity** Employees deserve equality without preferential treatment relating to similarity or difference such as physique or mentality, race, nationality, religion, gender, age, education or others. Practices of fair treatment cover all groups of stakeholders related to the organization. Moreover, the Company highlights, fosters and opens opportunities for women to hold leadership or senior management positions without gender discrimination in the path of career success. It is regarded as an advantage for the organization to have a wide range of selection for candidates or successors, resulting in hiring of the right persons. In 2021, the proportion of female top management (Directorial level ranking position and above) presented as 47%.
- **Employment opportunity for disabled persons:** the Company supports applicable laws pertaining to hiring persons with disabilities under the Persons with Disabilities Empowerment Act, B.E. 2550 (2007) and makes it a point to include the disabled persons as part of its diversified workforce. Applications for approval to hire person with disabilities under the Section 35 are submitted by granting concessions to arrange places for persons with disabilities to sell products or services.
- **Election of Employee Welfare Committee:** the Company supports and gives the opportunity to employees to elect members of the Employee Welfare Committee who takes responsibility for welfare, working condition, whistleblowing and prevention of illegal labor treatment. Moreover, the committee defines preventive measures and monitors the corresponding implementation and performance to ensure that the Company treats its employees fairly and equally in terms of health, welfares, compensation and benefits. Presently, the employee welfare committee has been appointed for a 2-year tenure (February 26, 2021 – February 25, 2023)

2. Recruitment

Regarding the employment and recruitment policy, the Company emphasizes taking care of its employees in every step along the way, starting from recruiting candidates with suitable knowledge and expertise under appropriate recruitment and employment policy. The Company is committed to improving competency of its employees for their career advancement along with the sustainable business growth, Up-to-date and reliable recruiting tools and technology are constantly optimized to increase efficiency in managing applicant data and respond to recruitment needs, both internal and external, to serve business needs in a timely manner. Furthermore, the recruiting procedures are auditable/measurable. In this regard, selected candidates shall be able to perform duties better than the others who are not selected, resulting in filling manpower needs with ideal

candidates who possess qualifications and expertise suitable for the job descriptions, and thereafter responding and supporting the Company's business expansion.

The Company has tailored a manpower plan based on current business situation, and further changes in the future shall be managed through a proactive and dynamic recruiting strategy. A manpower database has been established to facilitate matching of skillsets and job roles. The Company also sets out strategic plans and announces open vacancies by using public channels both domestically and overseas for proactively recruiting potential candidates.

Lastly, review of recruitment and selection processes are regularly conducted to assess how well they meet defined objectives of manpower fulfilment.

3. Employee Satisfaction and Attraction

To achieve organizational objectives and goals with the support of high potential employees, the Company derives various policies to foster employees satisfaction and attraction by offering opportunity to showcase capability, give reward comparable to the competitive job market as well as mapping of career paths under the following guidelines:

- Participate in benchmarking research of peer companies' remuneration and welfares to determine references applied for internal adjustment such as those pertaining to salary structure and compensation tied to individual performance in order to ensure employment with the Company remains competitive in the job market;
- Determine career path mapping that facilitates employee readiness and goal setting for promotion and movement within the organization hierarchy while serving as a standard for high performance and development;
- Set KPIs to be aligned with the Company's goals and strategies in order to drive outstanding individual performance that is linked to reward management system;
- Position and execute welfare and other benefits offered by the Company as those higher than legal requirements and appropriately tailored to ensure competitiveness.

Performance

Opportunity for disabled persons

According to Section 33 regarding 33 of Empowerment Of Persons With Disabilities Act B.E.2550 (2007), employers shall employ them to work in suitable positions and enable access and utilization of facilities. The Company hired a total of 6 persons in 2021 and provided opportunity and support for their careers and overall well-being.

Recognition of long service

In 2021, the Company granted long-service awards to recognize long periods of contribution from employees 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 contribution in the future.

Relief for employees suffering from Covid-19

To prevent the spread of Covid-19, the Company implemented safety procedures such as cleaning and disinfecting facilities in the workplace in every week, placing hand sanitizer dispensers in prominent places around the workplace and setting up temperature screening points while marking out social distancing in canteens and queue areas for recording of work hours. Moreover, the Company also closely monitors all drivers during cleaning of shuttle buses along with alcohol-based sanitizer provided in all the buses.

Social Responsibility

With Corporate Social Responsibility (CSR) as one of the core values of the Company, we are committed to operating and growing the business in a socially responsible way. In 2021, with the intention of preventing and alleviating the impact of COVID-19 to the frontline medical professionals, the Company donated thousands of face masks and alcohol-based sanitizer under the Company's house brand to hospitals. Besides, the Company, together with country's leading celebrities, also donated daily necessities to various charities around Thailand to help ease the impact of COVID-19.



3.4 Environmental Sustainability

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 aims to drive its organization forward with environmental awareness and take actions to ensure the best outcomes. As such, the Company ensures strict compliance with Green Industry standard and enhances the consciousness of its employees to reduce adverse environmental impacts and take joint responsibility to create a Green Culture,

Management Approach

Policy on Corporate Culture in relation to the Environment

The Company runs the cosmetic business with an emphasis on economic development along with environmental conservation for sustainable growth. As such, the Company is committed to promoting and creating the environment-related corporate culture for employees at all levels and stakeholders, such as business partners, customers and communities, by operating in accordance with the following guidelines:

1. Assess potential impact on the environment and ensure protective measures of any significant impacts are taken and disclosed to the public;
2. Promote environmental-friendly activities in order to educate employees, drive employee and stakeholder engagement in and raise awareness of environmental values and ethics;
3. Strictly comply with all applicable laws and related regulations pertaining to the environment protection, including the adoption and application of global standards to reduce negative environmental impact;

Green Culture Project

The Company places importance on the environment; therefore, it devotes itself to the Green Industry and project from the Ministry of Industry encouraging industries to be more environmentally friendly and more responsible towards value chains for sustainable development. Disseminating that to everyone in the organization so that all render attention to environmental concerns in every business unit is an integral part of the corporate culture.

Performance

'Say No to Plastic Bags' Campaign

Campaign for avoiding or minimizing the usage of plastic bags was launched in order to raise awareness on plastic pollution. The Company aims to have its employees participate in decreasing negative environmental impacts while raising awareness of plastic pollution.

In January 2021, the Company's retail outlets commenced the campaign by terminating the giving out of plastic bags. Moreover, the Company requires its employees to use fabric bags in daily life in a collective effort to reduce plastic pollution.

Reuse of double-sided papers

To maximize resource efficiency, all employees now collect used double-sided papers. Additionally, the Company also worked towards building a greener environment through purchases of lands for tree plantation.

Energy Management

Energy management is vital to all industries facing the challenge of balancing supply and demand in relation to energy consumption which in turn results in production cost fluctuations. In this regard, the Company realizes such importance and is committed to raising the efficiency of energy usage. Energy conservation is integrated into all areas of operations, towards which executives and employees of all levels share responsibility. Management of energy consumption is also reviewed regularly to uphold or improve ongoing efficiency levels and best fit the Company's nature of business.

Management Approach

Energy Policy

The Company not only has a strong mission to incorporate the green mindset into its innovative product development, but also recognizes the importance of energy management as an essential duty for all levels of management and that all employees are required to collaborate and contribute to sustainable energy management approach. The corporate energy policy is as follows:

- Estimate, monitor and control electricity usage in the Company's office buildings in order to reduce total energy consumption as well as environmental impact.

Performance

In 2021, the Company implemented several energy conservation measures and launched various energy-awareness campaigns to achieve savings in workplace and at home. In summary, total electricity expenses for manufacturing factories and office buildings in 2021 was THB 2.22 million and THB 3.90 million respectively, while fuel costs for executive's vehicles and transport trucks was THB 8.61 million.

Water Management

Water is a precious natural resource important to human life. Inefficient water management not only cause water crisis but also significant environmental problems, such as those associated with discharge of low-quality water that leads to conflict with local communities or other water users. Incidents as such will affect not only the credibility of the Company but also the environment at large.

Management Approach

The Company places importance on effective water management throughout all production processes, from the production input from water source to the preservation of the environment post-production. Therefore, the Company strictly adheres to regulations of water management and considers the impacts of water consumption to nearby communities. At the same time, the Company takes a preemptive approach to prevent the risk of water shortage which may interrupt its operations. The water management procedures are as follows:

1. Ensure efficient maintenance and availability of water supply system.
2. Install wastewater treatment system to treat wastewater generated from production process and return treated water back into the receiving environment.

Performance

In 2021, the total value of water utility bills for factories and office building was THB 109,983 and THB 150,505 respectively.

Waste Management

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.

Management Approach

Waste Management Policy

The Company is committed to maintaining a sustainable coexistence with its community and society, creating and promoting an environment-centric business as well as upholding corporate social responsibility. Hence, the Company rolled out waste management policy in line with good practices to manage waste generated from the production process. In 2021, the amount of waste generated and disposed by the Company (via a certified waste management professional) was 3,192,531 pieces and 2,950 kilograms.

Management of Waste and Unused Materials

Policies for managing and controlling waste from production process or other activities are associated with principles of appropriateness, conformance to applicable laws, as well as safety in storage, transportation and disposal. This prevents the disposal of waste and unused materials from negatively affecting the environment. The Company classifies its waste into 3 types, all of which warrant different management protocols, namely community waste, general waste and chemical waste. Storage and subsequent disposal of such waste are strictly executed by licensed companies whereas every business unit that needs to move waste places it in a container to be placed orderly 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.

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

1. Operating Results for the year ending December 31, 2021

1.1 Total revenues

During 2021, the Company had total revenues of Baht 1,503 million which consisted of;

- Baht 1,270 million on Sales which decreased by Baht 24 million or 1.85% from the previous year. The comprises of Baht 166 million on body care products, Baht 315 million on facial skin care products, Baht 669 million on cosmetics, Baht 25 million on accessories, Baht 82 million on furniture, marketing tools and other, Baht 13 million on food and beverage section.
- Income from warehouse rental and warehouse services amounted to Baht 21 million equal to last year.
- Income from bad debt repayment and amount received to compensate losses of Baht 202.30 million. The company received payment from a former subsidiary. The payment consists of repayment of past outstanding liabilities, amount received to compensate deposits of past purchases, and amount received to compensate losses from sales of all inventories related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X.
- Other incomes totaled of Baht 10 million, decreased from the previous year by Baht 1 million or 9.09% which comprises of gain on disperse of assets Baht 1 million and others of Baht 9 million.

1.2 Cost of sales, Selling and administrative Expenses

During the year 2021, The Total Expenses was Baht 1,132 million which comprises of;

- Cost of sales amounted to Baht 673 million which increased from the previous year by Baht 35 million or 5.49%. The cost of sales is directly proportional to the Sales Revenue. The gross profit margin was 46.97% which was similar to the previous year.
- Cost of warehouse rentals and warehouse services were Baht 0.16 million.
- Selling and Administrative expenses totaled of Baht 458 million which decreased from the previous year by Baht 51 million or 10% which consisted of the selling expenses decreased by Baht 38 million in response to the market conitions. The administration expenses decreased by Baht 13 million. Year 2020 out of which Baht 22.11 million is Microsoft licensing fee incurred along with interests payable as ordered by the Civil Court of Thailand, Exchange loss Baht 11.58 million.
- Loss on fair value adjustment of investment properties amounted to Baht 0.10 million increased from the previous year by Baht 0.80 million.
- Share of gain from investments in joint venture and associate Baht 0.46 million increased from the last year Baht 1.70 million because associate gain performance
- Finance income amounted to Baht 0.79 million decreased from the previous year by Baht 0.21 million.
- Finance cost of the Company on the interest expenses totaled of Baht 8 million decreased from the previous year Baht 2 million.
- Income tax expenses of Baht 72 million increased from the previous year by Baht 38 million or 111.76%.

1.3 Profit

During the year 2021, the Company had 23.06% net profit of sales which increased from the previous year 124.76%. In 2020 – 2021 ; there was an epidemic of coronavirus 2019 the company has sale decreased by Baht 24 million but the selling expenses decreased by Baht 38 million in response to the market conitions administrative expenses decreased from the previous year by Baht 13 million out of which Baht 22.11 million is Microsoft licensing fee incurred along with interests payable as ordered by the Civil Court of Thailand, exchange loss Baht 11.58 million and Income from bad debt repayment and amount received to compensate losses of Baht 202.30 million. The company received payment from a former subsidiary. The payment consists of repayment of past outstanding liabilities, amount received to compensate deposits of past purchases, and amount received to compensate losses from sales of all inventories related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X.

1.4 Rate of Return on Equity

The business operation profit during the year 2021 resulted in the rate of return on equity at 27.21% in the previous year 13.19% during the year 2021, the Company had increased profit from operating activities and income from bad debt repayment and amount received to compensate losses.

2. Financial Status as at December 31, 2021.

1. Assets

1.1 Composition of Assets

The total assets at the year end 2021 was Baht 1,715 million which increased from the previous year by Baht 194 million or 12.75%.

1.1.1 Current Assets amounted to Baht 858 million, increased by Baht 155 million or 22.04% from the previous year. The details are as follows;

- Cash and cash equivalents of Baht 152 million which increased from the previous year by Baht 143 million because Net cash from operating activities Baht 433 million, net cash used in investing activities Baht 79 million and net cash used in financing activities Baht 211 million.
- Trade accounts receivable and other account receivable at Baht 320 million, decreased from the previous year by Baht 3 million or 0.92% due to the Company had decreased the sales due to the coronavirus epidemic situation.
- Current portion of finance lease receivables and finance lease receivables — net of current portion Baht 6 million decreased from the previous year Baht 4 million 40% because of the company received debt repayment continuously.
- Current portion of short — term loans to non — related party Baht 4 million, increased from the previous year or 100%.
- Inventory of Baht 334 million which comprises on consumer products and raw material which increased from the previous year by Baht 6 million or 1.82%
- Other Current Assets of Baht 44 million, increased from the previous year Baht 7 million of 18.91%.

1.1.2 Non-Current Asset amounted to Baht 857 million which decreased by Baht 39 million or 4.76% from the previous year as follows;

- Investment in the subsidiary of Baht 181 million, decreased from the previous year Baht 9 million or 4.73% because the Company share of gain from investments in associate in and dividend income The Iconic Property Company Limited.
- Properties Investment was at Baht 121 million, decreased from the previous year by Baht 1 million or 0.81% because the investment properties of the Company represent land and building used for providing warehouse service. Their fair value has been determined based on the valuations performed by an accredited independent valuer, using the income approach.
- Property, Plant and Equipment — net amounted to Baht 467 million with an increase from the previous year by Baht 23 million or 5.19% because the Company bought Land Baht 20 million, Motor vehicles Baht 3 million.
- Land awaiting for future development Baht 8.28 million. The Company had land awaiting for future development amounting to Baht 8.28 million. The Company has placed land with net book value by Baht 3.2 million as collateral for short-term and long-term credit facilities granted by commercial banks.
- Right — of — use assets Baht 28.55 million include land Baht 0.55 million building Baht 8.26 million motor vehicles Baht 19.72 million increased from the previous year by Baht 3.27 million because 1 January 2020 reclassification to right — of — use assets due to the adoption of TFRS16

- Intangible Assets — net at Baht 1 million decreased from the previous year by Baht 1 million amortization during the year.
- Other Non-Current Assets was Baht 11 million equal to last year.
- Deposits for purchase of Land Baht 36 million increased from the previous year by Baht 35 million or 100% because Pa Donphutsa Co., Ltd, entered into an agreement to purchase and sell land in Nakhon Pathom Province for Baht 236 million and paid Baht 36 million for the deposit of the land purchase.

1.2 Quality of Assets

In 2020 trade and other receivables Baht 320 million or 18.65% of total assets. Account receivable average collection period was 96 days, decrease from the previous year 10 days. (106 days in 2020) due to the fact that the cash sales for consumer goods had decreased, and instead decreased on modern trade channels credit sales with 30 — 90 days term of payment.

An adequate reserve was set according to the prediction of non-collectable debt. The reserve for the year 2021 non-collectible debt was budgeted at 4.47% of the outstanding account receivable at the year-end.

Inventories Baht 334 million or 19.47% of total assets. Average inventory turnover of 115 days decreased from the previous year 9 days (124 days in 2020).

Investment properties Baht 121 million or 7.05% of total assets by an accredited independent valuer, using the income approach. Key assumptions used in the valuation include discount rate, yield rate and long-term growth in rental rate.

2. Liquidity

2.1 Cash flows

In 2021, the Company's net cash flows cash and cash equivalents was Baht 152 million, compared to 2020 which was Baht 9 million, increased by Baht 143 million net cash from operating activities Baht 433 million, net cash used in investing activities Baht 79 million as the Company purchase of land equipment and intangible assets and acquisition of investment is in subsidiary, net cash used in financing activities Baht 221 million as the Company dividend paid short — term loans from related party and long — term loans from financial institution paid.

2.2 Liquidity Ratios

Current ratio (current asset/current liabilities) in 2021 was 1.73:1 which shows high liquidity as the Company's current assets can be easily cashed in a short period of time such as short-term cash or cash equivalents 8.81%, account receivables 18.65%, inventories 19.47% of total assets.

The company average debt collection period was between 96 days. Average inventory turnover of 115 days as same as the previous year due to the fact that Karmart products had a higher turnover.

2.3 Collection and Payment Periods

Average debt collection period was 96 days while average account payment period was 154 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 and construction in progress, building machine and equipment at Baht 41.08 million for supporting the business growth.

4. Sources of funds

4.1 Capital Structure

In 2021, debt/equity ratio was 0.48:1. The company had total liabilities Baht 554 million increased from the previous year Baht 40 million or 7.78% equity attributable to owners of the company Baht 1,154 million increased from the previous Baht 155 million or 15.51%.

4.2 Shareholders' Equity

In 2021, shareholders' equity increased by Baht 155 million to Baht 1,154 million from the operating profit during the year of Baht 293 million while the dividend payment was Baht 141 million and other comprehensive income for the year Baht 3 million.

4.3 Liabilities

The Company's total liabilities was Baht 554 million, increased by Baht 40 million or 7.78% from the previous year.

Current Liabilities was Baht 497 million, increased by Baht 59 million or 13.47% from the previous year. The Details are as follows:

- Bank overdrafts and Short-term loan from bank was Baht 163 million, decreased by Baht 19 million from the Company's promissory notes decreased from the previous year Baht 4 million interest rate 2.63 – 2.77 short – term loans from financial institutions decreased from the previous year Baht 15 million interest rate 1.80 – 3.00.
- Trade and other payables of Baht 147 million, increased by Baht 1 million.
- Share subscription payable from investment in subsidiary Baht 2.2 million increased from the previous year Baht 2.2 million or 100% from directors and related persons.
- Short-term loan from related party amounted Baht 56 million increased from the previous year from directors and related person interests at a rate 1.5 – 2% per annum.
- Current portion of Liabilities under financial lease agreements due within 1 year and Liabilities under financial lease agreements – net of current portion was Baht 25 million which increased by Baht 1 million or 3.84% the Company due to the adoption of TFRS16.
- Current portion of long-term loans from financial institution Baht 16 million decreased from the previous year Baht 2 million a long-term of the Company under credit facilities of Baht 80 million, both principal and interest, is monthly repayable in 60 installments. The loan carries interest at a rate of 4.5% per annum.
- Income Tax Payable at Baht 56 million, increased from the previous year of Baht 37 million due to the Company's increase in net profit.
- Other Current Liabilities was Baht 45 million increased from the previous year of Baht 13 million or 40.62% because allowance for return of goods increased Baht 12 million.

Non-current liabilities was Baht 57 million, decreased by Baht 19 million or 25% from the previous year, The Details are as follows:

- Long-term loans from financial institution-net of current portion Baht 0 million decreased from the previous year of Baht 15 million or 100% a long-term loans of the Company under credit facilities of Baht 80 million, both principal and interest, is monthly repayable in 60 installments. The loan carries interest at a rate of 4.5% per annum.
- Provision had been made for long-term employee benefits of Baht 17 million, which decreased from the previous year of Baht 2 million due to the new standard of accounting for employee benefit reservation No.19 had taken effect.
- Deferred Tax Liabilities at Baht 26 million, decreased by Baht 1 million or 3.70% from right – of – use assets and current portion of liabilities under finance lease agreements, liabilities under finance lease agreements – net current portion.

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

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

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

5. GENERAL INFORMATION AND OTHER MATERIAL FACTS

5.1 General Information

Name	Karmarts Public Company Limited
Address	<p>Office</p> <p>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</p> <p>Factory and Warehouse</p> <p>140 – 140/1 Moo 4 Mapyangporn, Plugdang, Rayong 21140 Tel. 038-891-811-15 Fax. 038-891-821-22</p>
Type of Business	Distribution of consumer products and provision of warehouse rental and warehouse services.
Authorized Share Capital	
Common Stock	528,000,000 Baht
Issued and Paid up	527,998,810 Baht
Incorporate	May 11, 1982
Registered as a public company	March 18, 1994
SET Listing	October 31, 1994
Registration No.	0107537000823 (Old No. Plc. 329)
Corporate Website	www.karmarts.co.th
E-commerce Website	www.karmarts.com
Share Registrar	Thailand Securities Depository Company Limited The Stock Exchange Building 93 Ratchadaphisek Road, Din Daeng, Din Daeng, Bangkok 10400
Auditors	Ms. Rosaporn Decharkom Certified Public Accountant No. 5659 EY Office Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110

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

	Type of Business	Registered Capital	Paid-up Capital	the Company' Stake
J Kos Laboratories Co., Ltd. Location : 261/1 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel. : 0-2805-2756-60 Fax. : 0-2805-0251-2	Manufacturing of skin care, cosmetics, fragrances, cosmetics accessories and such	THB 10,000,000	THB 10,000,000	70%
Pa Donphutsa Co.,Ltd. Location : 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 20,000,000	THB 20,000,000	86%
KJF GLOBAL Co.,Ltd. Location : 81-81/1 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 1,000,000	THB 1,000,000	99.97%
The Iconic Property Co., Ltd. Location : 83 Soi Phetchakasem 54 Yak 3, Phetchakasem Rd., Bangduan, Phasicharoen, Bangkok 10160 Tel. : 0-2805-2756-60 Fax. : 0-2805-0251-2	Real estate development (Hotel, Resort and Condominium)	THB 213,090,000	213,090,000	33.33%
Karmarts Vietnam Company Limited Location : Vietnam	Cosmetics wholesale & retail	USD 400,000	USD 200,000	49%

5.2 Litigation

In 2017, Microsoft Corporation and 3 co-plaintiffs filed a lawsuit against Karmarts Public Company Limited and its executive in The Central Intellectual Property and International Trade Court for software copyright violation.

On 12 February 2018, The Central Intellectual Property and International Trade Court issued a judgment, ordering the Company and its executive to pay THB 1,688,000 in damages to Microsoft Corporation and 3 co-plaintiffs, plus interest accrued at 7.5 percent per year calculated from 21 August 2015 to 21 February 2018. With the total damages aggregating THB 2,134,046.44, the Company filed an appeal with the Court of Appeal on May 24 2018, out of which a judgement was issued by the Court of Appeal for Specialized Cases on March 25 2019 ordering the Company to pay damages totaling THB 16.74 million.

On 16 August 2019, the Company further appealed the judgment to the Supreme Court. However, the Supreme Court denied the Company's petition for certiorari. In closure, the Company was obligated to pay Microsoft Corporation damages plus interest valued at a final of THB 19.79 million according to the verdict of the Court of Appeal for Specialized Cases.

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 recognizes the importance of Good Corporate Governance principles and has made it a top priority for the company, establishing a set of policies, guidelines and principles for the company to implement transparency and enhance competitive capability in order to ensure reliability for shareholders, investors and related parties, of which cover the following primary issues:

- Equal and fair treatment of all shareholders and stakeholders.
- Forward-looking commitment on creation and addition of value to company's operations in the long term, prudent and comprehensive management as well as responsible, competent and effective execution to maximize shareholders' value while preventing conflict of interests.
- Transparency and accountability in operation, complemented with adequate disclosure of information to all relevant parties.
- Risk anticipation and evaluation in all business aspects and implementation of appropriate risk management strategies.
- Establishment of moral and ethical standards for company's directors and staff to conform.

2. Shareholders Rights

Company accords a top priority to Shareholders' Rights which are stated in the Company's Articles of Association, including the right to access company information, right to vote, fair treatment and facilitation in shareholders' meetings.

3. Stakeholders Rights

All groups of Stakeholders Rights, such as reliable and timely disclosure of information for dissemination to all stakeholders and fair treatment without taking advantage of counterparties, related parties and all employees, are also accorded paramount importance by the company.

4. Shareholders' Meetings

Another high priority is the Company's Shareholders' Meetings conducted as per stipulation in the Company's articles of Association. The Company has clearly crafted the guidelines for organizing shareholders' meeting, facilitating and disseminating news and relevant information to the shareholders promptly and sufficiently and on equal basis.

5. Leadership and Vision

The Board of Directors is in charge of establishing the company's vision, obligation, goal, business plan and budget considerations as well as supervising the management team to guarantee that all operations are performed efficiently and effectively as planned and within budgets provided. Furthermore, the Board of Directors also instituted an Internal Audit and Control System as well as risk management measures and set up an effective monitoring mechanism to ensure consistency amongst operations.

6. Conflict of Interests

In order to avoid conflict of interests, the Board of Directors has drawn up ethical guidelines for directors to strictly adhere to. Directors shall perform their duties while preventing conflicts that may occur between personal and company interests in order to maximize efficiency of management.

The avoidance of conflict of interests is primarily established to stem out derivation of personal benefit from directorship and erroneous use of company information. To this, the Board of Directors has appointed the Audit Committee to inspect directorial implementations and file report in cases where conflict of interests may potentially occur.

7. Business Ethics

The Board of Directors has established moral and ethical principles which have been disseminated for all executive directors and staff to comply with. This practice aims to foster consciousness for a moral and ethical job performance, resulting in satisfactory internal audit and control which are interconnected.

8. Checks and Balance of Non-Management Board Members

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

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

9. Aggregation or Segregation of Positions

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

Managing Director has 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 holds regular meetings quarterly as well as adhoc collateral meetings with clearly specified agenda to continuously inspect implementation and performance of company operations. The Board's secretary delivers meeting invitation with agenda and relevant documents to the directors prior to scheduled meetings to allow sufficient time for preparation and each meeting typically lasts 3 hours.

12. Subcommittees

The Company's Board of Directors appoints subcommittee 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 Dheera-ratbongkot and Puttiethorn Jirayus, Ph.D. were appointed to hold Audit Committee Director positions.

Throughout 2021, the Audit Committee held 8 meetings in total and responsibly reported to the Board of Directors all outputs of meetings.

13. Internal Audit and Control Systems

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

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 also appointed Internal Audit Team to examine financial, managerial, operational and information systems to assure all related parties that all system implementations effectively abide by the laws and company's regulations. In addition, in order to ensure the effectiveness of Internal Audit execution in terms of independently inspecting and counterbalancing, the Board of Directors has allocated the Internal Audit to directly report inspection results to Audit Committee as well as receiving performance appraisal from the committee.

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

The Board of Directors is in charge of preparing financial statements and information reported in the Annual Report. All financial statements published are prepared in accordance with acceptable accounting principles within Thailand. Such preparation has been applied with transparent accounting procedures and with the goal of disclosing sufficient information in the Notes to financial statements. The Board of Directors recognizes the importance of having complete and precise accounting data in order to affirm that the company's financial system has been operating in accordance with good corporate governance principles to avoid unfavorable outcomes, either illegal actions or significant errors.

To achieve these goals, the Board of Directors appointed the Audit Committee, consisting of non-managing directors, to oversee the disclosure of significant information and financial statements 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

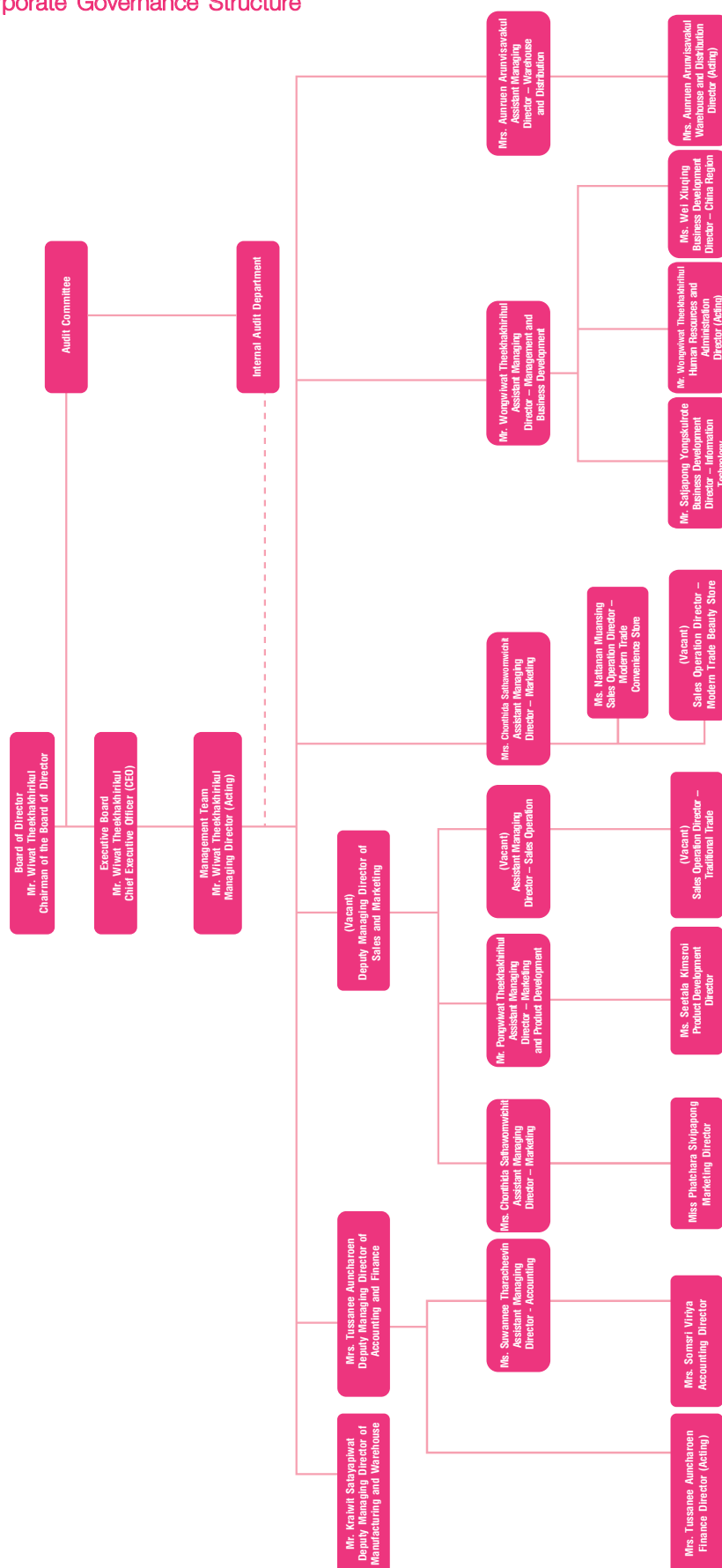
The Company is dedicated to building mutually beneficial relationships with and disclosing important company information to investors. Although the Company has not set up an Investor Relations Unit, the Information Relation section and/or its associated Executive Director have been tasked to communicate 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 is of the opinion that all board members and management executives have strong ethical standards and do not misuse any internal and proprietary information for personal benefits. With penalty being an ineffective control mechanic which focuses only on passive post-event actions, the Company has no written policy on this matter to date.

Nevertheless, the Company has accorded priority to monitor and secure internal information access and usage, identifying that only authorized persons or high-level executives are permitted to access internal information with the approval of shareholders and under specific limitations. Additionally, the company has designated the Public Relation Office or the high-level management to be the only parties entitled to provide information to public.

7.1 Corporate Governance Structure



7.2 Names of Director, Audit Committee, Management and Secretary are as follow:

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

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

Board of Directors — Roles and Responsibilities

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

Audit Committee — Roles & Responsibilities

The Audit Committee comprises 3 independent directors all of whom, with years of work experience in accounting and financial professions, are responsible for monitoring and evaluating business activities of the company. Duties of the Audit Committee are executed in compliance with roles and responsibilities outlined in Audit Committee Charter, such as to review financial statements and internal controls, ensure compliance with applicable laws and simplified regulations of Securities Exchange and provide Audit Committee report that becomes an integral part of Annual Report as well as Official and Company's Regulations.

Executive Director — Roles and Responsibilities

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

Management Team — Roles and Responsibilities

The Managing Director is designated by the Board of Directors to be in charge of supervising overall management activities of the company in order to lead business growth and provide maximum benefits for shareholders. The Managing Director is therefore empowered to appoint Management Team to effectively perform the company's business in accordance with business strategies and policies.

7.3 Directors and Management Team Appointment

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

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

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

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

7.4 Remuneration of Board's Members and Executives

The Board of Director's remuneration for the year 2021 was kept within THB 5 million whereas Audit Committee Chairman received THB 20,000 per meeting, Independent Audit Committee received Baht 10,000 per meeting, Chairman of the Board of Directors received THB 20,000 per meeting and the rest of the members received THB 10,000 per meeting.

Remuneration for company's Directors and Management team in year 2021 was THB 30 million and in year 2020 was THB 33 million. The aggregates comprise salary, bonus, transportation expenses and employee benefits.

Other allowances for Directors and Management team:
None

7.5 Information on employees

Number of employees

The total number of employees as of 31 December 2021 was 681 persons who collectively drew total salary and wage of THB 224.46 million. Employees are divided into 2 groups as follows:

1. Office workers 165 persons
2. Factory workers 516 persons

- Labor litigation and change in the number of employees

In the last 3 years, there is no significant change in the number of employees nor unfair labor practice complaint filed 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

7.6 Remuneration of Auditor of subsidiaries

Professional Fee

Item	Office	Company Payment	Professional Fee		
			2019	2020	2021
1	EY Office Limited	Karmarts Plc.	1,970,000	1,970,000	1,820,000
2	EY Office Limited	J Kos Laboratories Co., Ltd.	300,000	300,000	300,000
3	Thai Audit The Truth Limited	The Iconic Property Co., Ltd.	215,000	230,000	280,000
Total			2,485,000	2,500,000	2,400,000

Other Fee

- None -

8. REPORT ON KEY OPERATING RESULTS RELATED TO CORPORATE GOVERNANCE

8.1 Performance summary of the Board of Directors

Board of Directors' Meeting

The Board holds quarterly meetings on top of collateral meetings with specific agenda to inspect company's operations. The Board's secretary manages administrative matters regarding all meetings including delivery of meeting invitation with agenda and relevant documents to personnel involved in advance. It is noted that Board of Directors' meetings usually run for 3 hours.

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

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

* refers to Independent Directors who is Audit Committee member.

Remuneration of 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.

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

Name	Baht	
	2021	2020
1. Mr. Wiwat Theekhakhirikul	100,000	80,000
2. Lt.Gen. Kobboon Vichit	210,000	220,000
3. Mr. Kraiwit Satayapiwat	50,000	40,000
4. Mr. Prasit Dheeraratbongkot	130,000	130,000
5. Puttithorn Jirayus, Ph.D.	130,000	130,000
6. Mr. Parit Teekakirikul	50,000	40,000
7. Mr. Wongwiwat Theekhakhirikul	50,000	40,000
8. Mr. Seah Sin Loo	-	-
9. Mr. Kattanant Yaphanich	50,000	40,000
Total	770,000	720,000

9. INTERNAL CONTROL AND RELATED PARTY TRANSACTIONS

Internal control

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

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

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

The Connected transactions

Related party transactions

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

The Connected Transactions

As 31 December 2021 an acquisition of goods and services Baht 15 million, Interest expenses Baht 1 million, purchases of good Baht 1 million, under normal commercial terms and conditions trade and other receivables – related persons and parties Baht 6 million, long – term loans to related party Baht – million, trade and other trade payables – related persons and parties Baht 1 million share subscription payable Baht 2 million short – term loan form related Baht 56 million. The company and its subsidiaries had employee benefit expenses of their directors and management Baht 30 million which had been disclosed in notes to financial statements in topic 8.

Necessities and Reasons of Connected Transactions

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

Procedures on the Connected Transactions

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

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

Policy and Trend of Transactions with Related Companies in the Future

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

Karmarts Public Company Limited Connected Persons

Connected Persons	At March 11, 2022		Subsidiary				Associates		Subsidiary of the Associate		Joint venture		Subsidiary of the Associate				The Iconic Property Bangna	
	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 Phelissam, Bangkok Condominium, The Iconic Property Charan Sanit Wong13		Karmarts Vietnam		Ruenrom Food and Beverage Co.,Ltd		The Iconic Property Aree	
	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position
1. Karmarts Plc.			70.00		86.00		99.97		33.33		49.00							
2. "Theekhakhrinikul" Group																		
2.1 Mr. Wiwat Theekhakhrinikul	23.191	Director			5.55	Director	0.01			Director								
2.2 Mr. Wongviwat Theekhakhrinikul	0.248	Director		Director	0.29	Director	0.01	Director										
2.3 Mr. Pongviwat Theekhakhrinikul	0.061				0.29													
2.4 Mr. Polkrit Theekhakhrinikul	4.533								16.66									
2.5 Mr. Parit Teekakhrinikul	3.753	Director		Director					16.67	Director						Director	65.90	Director
2.6 Ms. Viamol Theekhakhrinikul	4.083																	
2.7 Ms. Narapan Theekhakhrinikul	0.117				0.29													
2.8 Ms. Chonrada Theekhakhrinikul	0.014				0.29													
3. Mr. Kraiwit Satayapivat	0.003	Director		Director														
4. The Iconic Property Co.,Ltd.																		
5. Other	63.996				7.29	Director	0.01	Director	33.34	Director		Director	51.00	Director	100.00		83.33	34.10
Total	100.000		100.00		100.00		100.00		100.00		100.00		100.00		100.00		100.00	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 Phelissam, Bangkok Condominium, The Iconic Property Charan Sanit Wong13		Karmarts Vietnam		Ruenrom Food and Beverage Co.,Ltd		The Iconic Property Aree		The Iconic Property Bangna	
	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 Phelissam, Bangkok Condominium, The Iconic Property Charan Sanit 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. Wiwat Theekhakhrinikul	✓	✓			✓			✓		✓		✓			✓					
2. Mr. Wongviwat Theekhakhrinikul		✓		✓	✓															
3. Mr. Pongviwat Theekhakhrinikul				✓																
4. Mr. Kraiwit Satayapivat		✓							✓											
5. Mr. Parit Teekakhrinikul									✓											✓

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 2021, 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 2021, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

I draw attention to Note 22 to the consolidated financial statements regarding income from bad debt repayment and amount received to compensate losses which the Company received payment from a former subsidiary totaling Baht 202.3 million during the current year.

My opinion is not modified in respect of this matter.

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.
- Applying a sampling method to select sales documents to assess whether revenue recognition was consistent with the conditions of the sales, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Provision for diminution in the value of inventories

Estimating the net realisable value of inventories, as disclosed in Note 9 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of obsolete and damaged inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. In addition, the Group has a large quantity and number of categories of inventory. There is thus a risk with respect to the amount of provision set aside for diminution in the value of inventories.

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

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

Other Information

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



Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 24 February 2022

Karmarts Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	6	151,835,330	9,259,791	148,589,701	7,914,213
Trade and other receivables	7, 8	320,131,100	323,330,052	328,299,642	330,321,131
Current portion of lease receivables	16	4,063,023	4,210,112	4,147,452	4,210,112
Short-term loans to related party	8	–	–	21,000,000	–
Short-term loans to non-related party		4,000,000	–	4,000,000	–
Current portion of long-term loans to related party	8	–	1,080,000	–	1,080,000
Inventories	9	333,569,321	327,947,404	318,102,453	310,997,543
Current income tax assets		302,421	–	–	–
Other current assets		43,806,680	36,711,472	43,705,617	36,668,101
Total current assets		857,707,875	702,538,831	867,844,865	691,191,100
Non-current assets					
Lease receivables – net of current portion	16	2,288,050	6,292,323	2,463,843	6,292,323
Long-term loans to related party					
– net of current portion	8	–	1,256,679	–	1,256,679
Other non-current financial assets	7	–	8,000,785	–	8,000,785
Investments in joint venture	10	421,104	500,271	–	–
Investments in associate	11	180,685,967	189,740,128	71,029,990	71,029,990
Investments in subsidiaries	12	–	–	25,700,000	7,000,000
Investment properties	13	121,700,000	122,400,000	121,700,000	122,400,000
Deposits for purchase of land	12	35,939,032	–	–	–
Property, plant and equipment	14	466,552,767	443,126,594	431,155,718	435,945,056
Land awaiting future development	15	8,284,000	8,284,000	8,284,000	8,284,000
Right-of-use assets	16	28,559,526	25,282,362	28,331,269	24,944,337
Intangible assets	17	1,434,963	2,002,349	1,422,887	1,878,784
Deferred tax assets	23	167,356	–	–	–
Other non-current assets		11,088,896	11,369,975	10,240,556	10,514,395
Total non-current assets		857,121,661	818,255,466	700,328,263	697,546,349
Total assets		1,714,829,536	1,520,794,297	1,568,173,128	1,388,737,449

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 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	18	163,008,062	181,854,566	163,008,062	181,854,566
Trade and other payables	8, 19	146,676,557	145,935,729	151,608,068	158,474,396
Share subscription payable from					
investments in subsidiary	8, 12	2,200,000	–	2,200,000	–
Short-term loan from related party	8	56,332,437	30,000,000	26,000,000	30,000,000
Current portion of long-term lease liabilities	16	11,122,207	11,504,158	11,004,901	11,393,366
Current portion of long-term loans from financial					
institution	20	16,410,221	17,904,000	16,410,221	17,904,000
Income tax payable		56,199,926	18,504,524	56,199,926	17,585,255
Other current liabilities		45,169,357	31,982,122	44,972,751	31,643,051
Total current liabilities		497,118,767	437,685,099	471,403,929	448,854,634
Non-current liabilities					
Long-term lease liabilities – net of current portion	16	13,950,708	14,569,369	13,940,563	14,440,112
Long-term loans from financial institution					
– net of current portion	20	–	15,520,642	–	15,520,642
Provision for long-term employee benefits	21	16,777,885	19,439,103	16,684,024	18,734,025
Deferred tax liabilities	23	25,823,831	26,563,169	25,823,831	26,783,930
Total non-current liabilities		56,552,424	76,092,283	56,448,418	75,478,709
Total liabilities		553,671,191	513,777,382	527,852,347	524,333,343

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 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Shareholders' equity					
Share capital					
Registered					
880,000,000 ordinary shares of					
Baht 0.60 each		528,000,000	528,000,000	528,000,000	528,000,000
Issued and paid up					
879,998,016 ordinary shares of					
Baht 0.60 each		527,998,810	527,998,810	527,998,810	527,998,810
Share premium		88,396,711	88,396,711	88,396,711	88,396,711
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	2.2	(423,639)	–	–	–
Retained earnings					
Appropriated – statutory reserve	30	52,799,881	52,799,881	52,799,881	52,799,881
Unappropriated		399,050,323	243,634,715	285,070,318	109,153,643
Other components of shareholders' equity		70,661,931	70,741,098	70,787,588	70,787,588
Equity attributable to owners of the Company		1,153,751,490	998,838,688	1,040,320,781	864,404,106
Non-controlling interests of the subsidiaries		7,406,855	8,178,227	–	–
Total shareholders' equity		1,161,158,345	1,007,016,915	1,040,320,781	864,404,106
Total liabilities and shareholders' equity		1,714,829,536	1,520,794,297	1,568,173,128	1,388,737,449

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 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Revenues					
Sales		1,269,897,283	1,293,987,577	1,323,844,095	1,366,063,977
Income from warehouse rental		21,169,885	21,169,885	21,169,885	21,169,885
Dividend income	11, 12	246,500	–	16,764,519	–
Income from bad debt repayment and amount received to compensate losses	22	202,301,569	–	202,301,569	–
Gain on fair value adjustment of investment properties	13	–	100,000	–	100,000
Other income		9,621,593	10,956,037	15,654,853	23,444,984
Total revenues		<u>1,503,236,830</u>	<u>1,326,213,499</u>	<u>1,579,734,921</u>	<u>1,410,778,846</u>
Expenses					
Cost of sales		672,918,138	638,154,911	738,863,897	746,926,178
Cost of warehouse rental		167,597	49,424	167,597	49,424
Selling and distribution expenses		231,961,857	270,442,454	231,961,857	270,442,454
Administrative expenses		226,150,112	238,581,291	215,443,834	222,372,173
Loss on fair value adjustment of investment properties	13	700,000	–	700,000	–
Total expenses		<u>1,131,897,704</u>	<u>1,147,228,080</u>	<u>1,187,137,185</u>	<u>1,239,790,229</u>
Profit from operating activities		<u>371,339,126</u>	<u>178,985,419</u>	<u>392,597,736</u>	<u>170,988,617</u>
Share of profit (loss) from investments in joint venture and associate	10, 11	463,857	(1,249,317)	–	–
Finance income	24	797,389	1,046,030	863,909	1,042,804
Finance cost	25	(7,705,477)	(10,374,036)	(7,586,798)	(10,352,771)
Profit before income tax expenses		<u>364,894,895</u>	<u>168,408,096</u>	<u>385,874,847</u>	<u>161,678,650</u>
Income tax expenses	23	(72,213,862)	(34,010,743)	(72,129,221)	(32,373,981)
Profit for the year		<u><u>292,681,033</u></u>	<u><u>134,397,353</u></u>	<u><u>313,745,626</u></u>	<u><u>129,304,669</u></u>
Profit or loss attributable to:					
Equity holders of the Company		292,872,628	132,824,428	<u>313,745,626</u>	<u>129,304,669</u>
Non-controlling interests of the subsidiaries		(191,595)	1,572,925		
		<u><u>292,681,033</u></u>	<u><u>134,397,353</u></u>		
Earnings per share	27				
Profit attributable to equity holders of the Company		<u>0.33</u>	<u>0.15</u>	<u>0.36</u>	<u>0.15</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 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Profit for the year		<u>292,681,033</u>	<u>134,397,353</u>	<u>313,745,626</u>	<u>129,304,669</u>
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent period					
Share of profit (loss) from exchange differences on translation of joint venture's financial statements in foreign currency		<u>(79,167)</u>	<u>305,334</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent period		<u>(79,167)</u>	<u>305,334</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent period					
Actuarial gain – net of income tax	21	<u>3,499,335</u>	<u>-</u>	<u>2,968,005</u>	<u>-</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods – net of income tax		<u>3,499,335</u>	<u>-</u>	<u>2,968,005</u>	<u>-</u>
Other comprehensive income for the year		<u>3,420,168</u>	<u>305,334</u>	<u>2,968,005</u>	<u>-</u>
Total comprehensive income for the year		<u><u>296,101,201</u></u>	<u><u>134,702,687</u></u>	<u><u>316,713,631</u></u>	<u><u>129,304,669</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>296,133,397</u>	<u>133,129,762</u>	<u><u>316,713,631</u></u>	<u><u>129,304,669</u></u>
Non-controlling interests of the subsidiaries		<u>(32,196)</u>	<u>1,572,925</u>		
		<u><u>296,101,201</u></u>	<u><u>134,702,687</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 2021

	Consolidated financial statement											(Unit: Baht)	
	Equity attributable to owners of the Company												
	Issued and paid-up share capital	Share premium	Capital reduction surplus	Share discount on changes in the ownership interests in subsidiary	Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Non-controlling interests of the subsidiaries		Total shareholders' equity
					Appropriated-statutory reserve	Unappropriated	Surplus on revaluation of assets	Exchange differences on translation of joint venture's financial statements in foreign currency	Total other components of shareholders' equity				
Balance as at 1 January 2020	527,998,810	88,396,711	15,267,473	-	52,799,881	260,408,017	70,787,588	(351,824)	70,435,764	1,015,306,656	6,605,302	1,021,911,958	
Profit for the year	-	-	-	-	-	132,824,428	-	-	-	132,824,428	1,572,925	134,397,353	
Other comprehensive income for the year	-	-	-	-	-	-	-	305,334	305,334	305,334	-	305,334	
Total comprehensive income for the year	-	-	-	-	-	132,824,428	-	305,334	305,334	133,129,762	1,572,925	134,702,687	
Dividend paid (Note 29)	-	-	-	-	-	(149,597,730)	-	-	-	(149,597,730)	-	(149,597,730)	
Balance as at 31 December 2020	527,998,810	88,396,711	15,267,473	-	52,799,881	243,634,715	70,787,588	(46,490)	70,741,098	998,838,688	8,178,227	1,007,016,915	
Balance as at 1 January 2021	527,998,810	88,396,711	15,267,473	-	52,799,881	243,634,715	70,787,588	(46,490)	70,741,098	998,838,688	8,178,227	1,007,016,915	
Profit for the year	-	-	-	-	-	292,872,628	-	-	-	292,872,628	(191,595)	292,681,033	
Other comprehensive income for the year	-	-	-	-	-	3,339,936	-	(79,167)	(79,167)	3,260,769	159,399	3,420,168	
Total comprehensive income for the year	-	-	-	-	-	296,212,564	-	(79,167)	(79,167)	296,133,397	(32,196)	296,101,201	
Dividend paid (Note 29)	-	-	-	-	-	(140,796,956)	-	-	-	(140,796,956)	-	(140,796,956)	
Dividend paid to non-controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	-	(3,000,000)	(3,000,000)	
Share discount on changes in the proportion of investment in subsidiary (Note 2.2)	-	-	-	(423,639)	-	-	-	-	-	(423,639)	-	(423,639)	
Increase in non-controlling interests of the subsidiary from acquisition (Note 2.2)	-	-	-	-	-	-	-	-	-	-	2,260,824	2,260,824	
Balance as at 31 December 2021	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	

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

Karmarts Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2021

(Unit: Baht)

	Separate financial statement						
	Issued and paid-up share capital	Share premium	Capital reduction surplus	Retained earnings		Other components of shareholders' equity	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets	
Balance as at 1 January 2020	527,998,810	88,396,711	15,267,473	52,799,881	129,446,704	70,787,588	884,697,167
Profit for the year	-	-	-	-	129,304,669	-	129,304,669
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	129,304,669	-	129,304,669
Dividend paid (Note 29)	-	-	-	-	(149,597,730)	-	(149,597,730)
Balance as at 31 December 2020	527,998,810	88,396,711	15,267,473	52,799,881	109,153,643	70,787,588	864,404,106
Balance as at 1 January 2021	527,998,810	88,396,711	15,267,473	52,799,881	109,153,643	70,787,588	864,404,106
Profit for the year	-	-	-	-	313,745,626	-	313,745,626
Other comprehensive income for the year	-	-	-	-	2,968,005	-	2,968,005
Total comprehensive income for the year	-	-	-	-	316,713,631	-	316,713,631
Dividend paid (Note 29)	-	-	-	-	(140,796,956)	-	(140,796,956)
Balance as at 31 December 2021	527,998,810	88,396,711	15,267,473	52,799,881	285,070,318	70,787,588	1,040,320,781

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 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit before tax	364,894,895	168,408,096	385,874,847	161,678,650
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	49,287,755	55,772,205	46,228,853	53,278,657
Loss (gain) from the fair value adjustment of investment properties	700,000	(100,000)	700,000	(100,000)
Allowance for expected credit losses (reversal)	(4,116,064)	10,605,695	(4,050,016)	10,629,560
Allowance for reducing cost of inventories to net realisable value (reversal)	636,715	(4,535,754)	292,525	(4,857,380)
Unrealised loss on exchange rate	20,201,685	2,826,304	20,201,685	2,826,304
Loss on disposal of investments in equity instruments	133,950	805,000	133,950	805,000
Loss from acquisition of investments in subsidiary	4,388,447	—	—	—
Fixed assets and intangible assets write-off	12,514,905	17,686,805	12,514,100	17,686,805
Gain on disposal of fixed assets and intangible assets	(850,179)	(459,491)	(888,754)	(459,491)
Interest income	(309,224)	(318,860)	(375,744)	(318,860)
Dividend income	(246,500)	(225,000)	(16,764,519)	(225,000)
Provision for long-term employee benefits	4,096,150	3,695,934	4,043,207	3,452,750
Interest expenses	6,559,399	9,257,550	6,440,720	9,248,317
Share of loss (profit) from investments in joint venture and associate	(463,857)	1,249,317	—	—
Profit from operating activities before changes in operating assets and liabilities:	457,428,077	264,667,801	454,350,854	253,645,312
Operating assets (increase) decrease				
Trade and other receivables	7,419,409	59,870,272	6,175,898	60,202,882
Lease receivables	4,151,362	851,275	3,891,140	851,275
Inventories	(6,090,792)	(9,944,079)	(7,229,595)	(5,157,641)
Other current assets	(6,858,690)	4,235,357	(7,037,516)	4,209,852
Other non-current assets	8,299,282	(1,119,746)	8,274,625	(264,167)
Operating liabilities increase (decrease)				
Trade and other payables	(5,504,793)	(11,430,968)	(12,180,500)	(10,201,717)
Other current liabilities	13,185,542	(4,249,033)	13,329,700	(4,306,102)
Cash from operating activities	472,029,397	302,880,879	459,574,606	298,979,694
Cash paid for income tax	(36,602,408)	(49,565,256)	(35,216,651)	(47,602,815)
Cash paid for long-term employee benefits	(2,383,201)	(1,914,600)	(2,383,201)	(1,914,600)
Net cash from operating activities	433,043,788	251,401,023	421,974,754	249,462,279

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

Karmarts Public Company Limited and its subsidiary
Statement of cash flows (continued)
For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from investing activities				
Interest income received	204,831	308,636	271,351	308,636
Dividend received	9,764,519	225,000	16,764,519	225,000
Acquisition of investments in subsidiary	(16,500,000)	–	(16,500,000)	–
Cash from acquisition of the subsidiary	3,307,267	–	–	–
Increase in short-term loans to related party	–	–	(21,000,000)	–
Increase in short-term loans to unrelated party	(4,000,000)	–	(4,000,000)	–
Decrease in long-term loans to related party	2,336,679	935,837	2,336,679	935,837
Proceeds from disposal of equipment and intangible assets	1,781,605	3,135,346	2,140,983	3,567,721
Proceeds from disposal of investments in equity instruments	10,685,490	26,147,500	10,685,490	26,147,500
Acquisition of investments in equity instruments	(10,819,440)	(26,952,500)	(10,819,440)	(26,952,500)
Deposits paid for purchase of land	(35,739,032)	–	–	–
Acquisition of land, equipment and intangible assets	(40,249,578)	(42,420,297)	(39,028,631)	(39,854,154)
Net cash used in investing activities	<u>(79,227,659)</u>	<u>(38,620,478)</u>	<u>(59,149,049)</u>	<u>(35,621,960)</u>
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans from financial institutions	(38,881,935)	(30,467,748)	(38,881,935)	(30,467,748)
Increase (decrease) in short-term loans from related parties and persons	10,332,437	–	(4,000,000)	–
Cash paid under leases	(16,308,273)	(15,314,679)	(15,913,519)	(15,194,655)
Decrease in long-term loans from financial institution	(17,014,421)	(16,353,500)	(17,014,421)	(16,353,500)
Interest paid	(5,571,443)	(7,876,564)	(5,543,387)	(7,876,564)
Dividend paid	(140,796,955)	(149,597,730)	(140,796,955)	(149,597,730)
Dividend paid by the subsidiary to non-controlling interests	(3,000,000)	–	–	–
Net cash used in financing activities	<u>(211,240,590)</u>	<u>(219,610,221)</u>	<u>(222,150,217)</u>	<u>(219,490,197)</u>
Net increase (decrease) in cash and cash equivalents	142,575,539	(6,829,676)	140,675,488	(5,649,878)
Cash and cash equivalents at beginning of year	9,259,791	16,089,467	7,914,213	13,564,091
Cash and cash equivalents at end of year (Note 6)	<u>151,835,330</u>	<u>9,259,791</u>	<u>148,589,701</u>	<u>7,914,213</u>

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 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Supplemental cash flows information: –				
Non-cash transactions: –				
Undue installment for acquisition of equipment and intangible assets	1,432,445	817,385	1,432,445	817,385
Increase in lease liabilities	15,469,232	3,776,839	15,469,232	3,776,839
Transfer of equipment to inventories	167,840	491,646	167,840	485,224
Decrease in right-of-use assets from lease modification	1,922,318	–	1,922,318	–
Actuarial gain	4,374,167	–	3,710,006	–
Share subscription payable from investments in subsidiary	2,200,000	–	2,200,000	–

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

Karmarts Public Company Limited and its subsidiary
Notes to consolidated financial statements
For the year ended 31 December 2021

1. General information

1.1 Corporate information

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

1.2 Coronavirus disease 2019 Pandemic

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

2. Basis of preparation of financial statements

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development 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"):

Company's name	Nature of business	Percentage of shareholding in shareholders' register		Country of incorporation
		2021	2020	
J KOS Laboratories Co.,Ltd.	Manufacture and distribution of consumer product	Percent	Percent	Thailand
Pa Donphutsa Co., Ltd.	Farming and agriculture	70.00	70.00	Thailand
		86.00	-	

On 15 October 2021, the meeting of Company's Board of Directors passed a resolution to approve a purchase of 150,000 ordinary shares of Pa Donphutsa Co., Ltd., a subsidiary of the associate (or 75% of the total issued and paid up 200,000 shares) from The Iconic Property Co., Ltd., the associate. On 1 November 2021, the Company paid a total of Baht 16.5 million for the share purchase. The Company changed the recording of the investments in Pa Donphutsa Co., Ltd. from investments in indirect associated company to investments in subsidiary from investment date onwards.

These consolidated financial statements included the statement of financial position of Pa Donphutsa Co., Ltd. as at 31 December 2021 and the income for the period from the investment date to 31 December 2021. The Company recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price over the fair value of the net assets acquired, amounting to Baht 4.4 million has been recorded as loss from business acquisition in consolidated income statement.

Details of the fair value for net assets of Pa Donphutsa Co., Ltd. as at investment date are as follows:

(Unit: Baht)

	Fair value
Assets	
Cash and cash equivalents	3,307
Property, plant and equipment	29,283
Other assets	683
Total assets	<u>33,273</u>
Liabilities	
Short-term loans from financial institutions	16,000
Trade and other payables	851
Other liabilities	273
Total liabilities	<u>17,124</u>
Net assets value	<u>16,149</u>
Equity of the Company (%)	75.00
Fair value of net asset value attributable to the Company's investment	12,112
Loss from acquisition of investments in subsidiary	<u>4,388</u>
Consideration paid for the acquisition of investments in subsidiary	<u>16,500</u>

Subsequently, on 12 November 2021, the Company purchased 22,000 additional shares of Pa Donphutsa Co., Ltd. (or 11% of the total issued and paid up 200,000 shares) from other old shareholders at Baht 100 per share or a total of Baht 2.2 million.

The purchase transaction of investment in the subsidiary was detailed below.

(Unit: Thousand Baht)

	Consolidated financial statements
Purchase price	2,200
Less: Adjusted non-controlling interests of subsidiary	<u>(1,776)</u>
Share discount on changes in proportion of investment in subsidiary	<u>424</u>

- 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 period

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements.

Furthermore, the Group elected to adopt the amendments to TFRS 16 Leases relating to COVID-19-related rent concessions. These amendments provide a practical expedient that permits a lessee to not assess whether rent concessions are lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions are met, i.e., the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2022; and there is no substantive change to other terms and conditions of the lease.

The Group applies the practical expedient to rent concessions that meet the above conditions and the effects of the application of this expedient, due to resulting changes in payments under leases are recognised in profit or loss for the periods ended 31 December 2021, amounting to Baht 4.54 million (the Company only: Baht 4.54 million). There was no impact on the opening balance of retained earnings.

3.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2022

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 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

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

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

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

- When an asset's carrying amount is increased as a result of a revaluation of the 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.

	The Company	Subsidiaries
Buildings	20 years	5 to 20 years
Land improvements and building improvements	5 years	10 years
Machinery and equipment	5 years	5 years
Motor vehicles	5 years	5 years
Office furniture, fixtures and equipment	3 and 5 years	3 and 5 years

Depreciation is included in determining income.

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

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

4.7 Land awaiting future development

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

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 to 6 years
Buildings	1 to 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 including interest income 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, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

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, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 13.

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.

Post-employment benefits under defined benefit plans

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

Leases – The Group as a lessee

Determining the lease term with extension and termination options

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

Estimating the incremental borrowing rate

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

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash	301	241	262	214
Bank deposits	151,534	9,019	148,328	7,700
Total	<u>151,835</u>	<u>9,260</u>	<u>148,590</u>	<u>7,914</u>

As at 31 December 2021, bank deposits in savings accounts carried interest at rates of 0.05% – 0.15% per annum (2020: 0.05% – 0.25% per annum).

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade accounts receivable – related parties				
Aged on the basis of due dates				
Not yet due	5,692	5,736	5,351	5,736
Past due				
1 – 3 months	783	3,832	783	3,832
3 – 6 months	–	–	–	–
6 – 12 months	–	–	–	–
Over 12 months	–	–	–	–
Total	6,475	9,568	6,134	9,568
Less: Allowance for expected credit losses	(22)	(146)	(22)	(146)
Net	6,453	9,422	6,112	9,422
Trade accounts receivable – unrelated parties				
Aged on the basis of due dates				
Post dated cheques	4,466	4,453	4,466	4,453
Not yet due	161,753	180,969	161,751	180,969
Past due				
1 – 3 months	109,488	117,517	109,488	117,517
3 – 6 months	35,343	1,302	35,343	1,302
6 – 12 months	11,762	12,390	11,762	12,390
Over 12 months	3,938	13,672	3,938	13,672
Returned cheques	225	391	225	391
Total	326,975	330,694	326,973	330,694
Less: Allowance for expected credit losses	(14,686)	(17,195)	(14,686)	(17,195)
Net	312,289	313,499	312,287	313,499
Other receivables				
Other receivables – related parties	–	1,574	8,994	8,589
Other receivables – unrelated parties	1,510	439	1,117	439
Total	1,510	2,013	10,111	9,028
Less: Allowance for expected credit losses	(121)	(1,604)	(210)	(1,628)
Net	1,389	409	9,901	7,400
Total trade and other receivables – net	320,131	323,330	328,300	330,321

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	
	2021	2020	2021	2020
Beginning balance	18,945	8,339	18,969	8,339
Allowance for expected credit losses (reversal)	(3,009)	12,324	(2,944)	12,348
Amount written off	–	(1,698)	–	(1,698)
Amount recovered	(1,107)	(20)	(1,107)	(20)
Ending balance	<u>14,829</u>	<u>18,945</u>	<u>14,918</u>	<u>18,969</u>

On 22 December 2014, the Company entered into an agreement to sell all of the inventories, that are related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X to a non-related party at a price of Baht 28.1 million (including VAT). This agreement requires the buyer to make payment to the Company in monthly installments, within 10 years. As at 31 December 2020, the Company had such account receivable balance of Baht 10.7 million, with the portion due in over 12 months amounting to Baht 8.0 million and classified as other non-current financial assets. During 2021, the Company has already obtained fully repayment from this receivable.

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
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
Ruenrom Food and Beverage Co., Ltd.	Common shareholder / director with the Company
June Laboratories Co., Ltd.	Common shareholder / director with the subsidiary

Such significant transactions are summarised below.

(Unit: Million Baht)

	Consolidated financial statements For the years ended 31 December		Separate financial statements For the years ended 31 December		Transfer Pricing Policy
	2021	2020	2021	2020	
<u>Transactions with subsidiaries</u> (Eliminated from consolidated financial statements)					
Purchases of goods	-	-	112	140	Cost plus margin
Sales of goods	-	-	56	72	Cost
Dividends received	-	-	7	-	As declared
Service income	-	-	7	11	Contract price
Service expenses	-	-	4	11	Contract price
Rental income	-	-	2	2	Contract price
<u>Transactions with joint venture and associate</u>					
Sales of goods	14	16	14	16	Cost plus margin
Interest expenses	1	1	1	1	2.0 percent per annum
Dividends received	-	-	10	-	As declared
<u>Transactions with related companies and persons</u>					
Sales of goods	1	-	-	-	Cost plus margin
Purchases of goods	1	2	-	1	Cost plus margin
Service income	1	-	1	-	Contract price

The outstanding balances of the related transactions as at 31 December 2021 and 2020 are shown in the statements of financial position as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<u>Trade and other receivables – related parties (Note 7)</u>				
Joint venture	6,046	9,568	6,046	9,568
Subsidiaries	–	–	9,082	7,015
Related companies	429	1,574	–	1,574
Total	6,475	11,142	15,128	18,157
Less: Allowance for expected credit losses	(22)	(1,719)	(112)	(1,744)
Net	6,453	9,423	15,016	16,413
<u>Lease receivables</u>				
Subsidiary of the associate	–	346	–	346
Subsidiaries	–	–	260	–
Total	–	346	260	346
<u>Short-term loans to related party</u>				
Subsidiary	–	–	21,000	–
<u>Long-term loans to related party</u>				
Related company	–	2,337	–	2,337
Less: Current portion	–	(1,080)	–	(1,080)
Long-term loans to related party – net of current portion	–	1,257	–	1,257
<u>Trade and other payables – related persons and parties (Note 19)</u>				
Subsidiaries	–	–	7,956	16,192
Related company	134	46	65	–
Accrued managements benefits	1,150	1,200	1,150	1,200
Total	1,284	1,246	9,171	17,392
<u>Share subscription payable</u>				
Directors and related persons	2,200	–	2,200	–
<u>Short-term loan from related parties and persons</u>				
Associate	26,000	30,000	26,000	30,000
Directors	26,051	–	–	–
Related persons	4,281	–	–	–
Total	56,332	30,000	26,000	30,000

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	1 January 2021	Increase	Decrease	31 December 2021
Long-term loans to related party				
Related company				
Ruenrom Food and Beverage Company Limited	2,337	-	(2,337)	-
Short-term loans from related parties and persons				
Associate				
The Iconic Property Company Limited	30,000	-	(4,000)	26,000
Directors and related persons	-	30,332	-	30,332
Total	30,000	30,332	(4,000)	56,332

(Unit: Thousand Baht)

	Separate financial statements			
	1 January 2021	Increase	Decrease	31 December 2021
Short-term loans to related party				
Subsidiary				
Pa Donphutsa Co., Ltd.	-	21,000	-	21,000
Long-term loans to related party				
Related company				
Ruenrom Food and Beverage Company Limited	2,337	-	(2,337)	-
Short-term loan from related party				
Associate				
The Iconic Property Company Limited	30,000	-	(4,000)	26,000

As at 31 December 2021, short-term loan to the subsidiary matures at call and carries an interest at a rate of 2.0 percent per annum (2020: Nil).

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

As at 31 December 2021 and 2020, short-term loan from the associate matures at call and carries an interest at a rate of 2.0 percent per annum.

As at 31 December 2021, the subsidiary has short-term loans from its directors and related persons which mature at call and carry an interest at a rate of 1.5 – 2.0 percent per annum (2020: nil).

Directors and management benefits

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses of their directors and management as below.

(Unit : Million Baht)

	Consolidated / Separate financial statements	
	2021	2020
Short-term employee benefits	29	32
Post-employment benefits	1	1
Total	<u>30</u>	<u>33</u>

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2021	2020	2021	2020	2021	2020
Finished goods	235,878	257,024	(29,485)	(31,841)	206,393	225,183
Raw materials and supplies	86,217	79,004	(11,649)	(8,656)	74,568	70,348
Work in process	8,594	9,638	-	-	8,594	9,638
Goods in transit	32,470	16,278	-	-	32,470	16,278
Goods expected to be returned by customers	11,544	6,500	-	-	11,544	6,500
Total	<u>374,703</u>	<u>368,444</u>	<u>(41,134)</u>	<u>(40,497)</u>	<u>333,569</u>	<u>327,947</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2021	2020	2021	2020	2021	2020
Finished goods	235,878	257,024	(29,485)	(31,841)	206,393	225,183
Raw materials and supplies	73,113	64,767	(10,907)	(8,258)	62,206	56,509
Work in process	5,489	6,528	-	-	5,489	6,528
Goods in transit	32,470	16,278	-	-	32,470	16,278
Goods expected to be returned by customers	11,544	6,500	-	-	11,544	6,500
Total	<u>358,494</u>	<u>351,097</u>	<u>(40,392)</u>	<u>(40,099)</u>	<u>318,102</u>	<u>310,998</u>

During the current year, the Group reduced cost of inventories by Baht 0.6 million to reflect the net realisable value which was included in cost of sales (the Company only: Baht 0.3 million) (2020: the Group reversed the write-down of cost of inventories by Baht 4.5 million and reduced the amount of inventories recognised as expenses during the year (the Company only: Baht 4.9 million)).

10. Investments in joint venture

10.1 Details of investments in joint venture

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

(Unit: Thousand Baht)

Joint venture's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2021	2020	2021	2020	2021	2020
			%	%				
Karmarts Vietnam Company Limited	Distribution of cosmetic products	Vietnam	49	49	3,563	3,563	421	500

(Unit: Thousand Baht)

Joint venture's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method – net	
			2021	2020	2021	2020	2021	2020	2021	2020
			%	%						
Karmarts Vietnam Company Limited	Distribution of cosmetic products	Vietnam	49	49	3,563	3,563	(3,563)	(3,563)	–	–

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

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of profit (loss) from investments in joint venture during the year	
	2021	2020
Karmarts Vietnam Company Limited	–	(816)

10.3 Summary financial information of material joint venture

Summarised information about financial position

(Unit: Million Baht)

	Karmarts Vietnam Company Limited	
	2021	2020
Cash and cash equivalents	3	2
Other current assets	9	8
Non-current assets	–	–
Current liabilities	(8)	(7)
Net assets	4	3
Shareholding percentage	49	49
Share of net assets	2	1
Elimination entries	(2)	–
Carrying amounts of joint venture based on equity method	–	1

Summarised information about comprehensive income

(Unit: Million Baht)

	Karmarts Vietnam Company Limited	
	2021	2020
Revenue	24	22
Profit (loss)	1	–
Other comprehensive income	–	–
Total comprehensive income	1	–

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

As at 31 December 2021 and 2020, the Company had commitments amounting to USD 98,000 in respect of the unpaid shares in Karmarts Vietnam Company Limited.

11. Investments in associate

11.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2021	2020	2021	2020	2021	2020
The Iconic Property Company Limited	Properties development	Thailand	%	%				
			33.33	33.33	71,030	71,030	180,686	189,740

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2021	2020	2021	2020
The Iconic Property Company Limited	Properties development	Thailand	%	%		
			33.33	33.33	71,030	71,030

On 8 October 2020, the Board of Directors' meeting of The Iconic Property Co., Ltd. (the associate) approved the purchase of 90,000 shares from the existing shareholders of Pa Donphutsa Company Limited, at a purchase price of Baht 100 per share, or for a total of Baht 9.0 million. Subsequently on 2 November 2020, the associated company made additional investment of Baht 6 million in Pa Donphutsa Company Limited from an increase in its registered share capital. Therefore, the total investment made is Baht 15.0 million, with the associate holding 75% of shares in that company.

Consequently, on 15 October 2021, the meeting of Company's Board of Directors passed a resolution to approve a purchase of 150,000 ordinary shares of Pa Donphutsa Co., Ltd., a subsidiary of the associate (or 75% of the total issued and paid up 200,000 shares) from The Iconic Property Co., Ltd., the associate. Subsequently, on 1 November 2021, the Company paid a total of Baht 16.5 million for the share purchase.

As at 31 December 2021 and 2020, the associate has one piece of land at the market fair value approximately Baht 18.6 million which has obtained from matured consignment agreement and has still been in the process of right transference from its director to the associate.

11.2 Share of comprehensive income and dividend received from investments in associate

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associate during the year		Dividend received during the year	
	2021	2020	2021	2020
The Iconic Property Company Limited and its subsidiaries	463	(433)	9,518	–

11.3 Summary financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	The Iconic Property Company Limited and its subsidiaries	
	2021	2020
Current assets	172	231
Non-current assets	371	346
Current liabilities	(1)	(3)
Net assets	542	574
Shareholding percentage	33.33	33.33
Share of net assets	181	191
Elimination entries	–	(1)
Carrying amounts of associate based on equity method	181	190

Summarised information about comprehensive income.

(Unit: Million Baht)

	The Iconic Property Company Limited and its subsidiaries	
	2021	2020
Revenue	3	3
Profit (Loss)	1	(2)
Other comprehensive income	–	–
Total comprehensive income	1	(2)

12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up share capital		Shareholding percentage		Separate financial statements	
					Cost method	
	2021	2020	2021	2020	2021	2020
	(Million Baht)	(Million Baht)	(%)	(%)		
J KOS Laboratories Company Limited	10.00	10.00	70.00	70.00	7,000	7,000
Pa Donphutsa Co., Ltd.	20.00	–	86.00	–	18,700	–
Total investments in subsidiaries					<u>25,700</u>	<u>7,000</u>

During the year 2021 and 2020, the Company received dividend income from subsidiaries as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	2021	2020
J KOS Laboratories Company Limited	7,000	–

On 15 October 2021, the meeting of Company's Board of Directors passed a resolution to approve a purchase of 150,000 ordinary shares of Pa Donphutsa Co., Ltd., a subsidiary of the associate (or 75% of the total issued and paid up 200,000 shares) from The Iconic Property Co., Ltd., the associate. On 1 November 2021, the Company paid a total of Baht 16.5 million for the share purchase. The Company changed the recording of the investments in Pa Donphutsa Co., Ltd. from investments in indirect associated company to investments in subsidiary from investment date onwards.

Subsequently, on 12 November 2021, the Company purchased 22,000 additional shares of Pa Donphutsa Co., Ltd. (or 11% of the total issued and paid up 200,000 shares) from other old shareholders at Baht 100 per share or a total of Baht 2.2 million. As at 31 December 2021, the Company has not yet paid such investments.

On 4 November 2021, Pa Donphutsa Co., Ltd. entered into an agreement to purchase and sell land in Nakhon Pathom Province for Baht 235.5 million and paid Baht 35.9 million for the deposit of the land purchase. On 2 February 2022, the subsidiary settled the outstanding payment and received the land ownership transfer.

On 11 November 2021, the meeting of the Company's Board of Directors passed a resolution to establish a new company named KJF GLOBAL Co., Ltd. with a registered share capital of Baht 1 million. On 2 February 2022, the Company invested Baht 999,997 (or 99.97% of the total issued and paid-up capital of 10,000 shares) in this company.

13. Investment properties

A reconciliation of the net book value of investment properties as at the beginning and end of the years 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements
	Properties used for warehouse service
Net book value at beginning of 2020	122,300
Net gain from a fair value adjustment	100
Net book value at end of 2020	122,400
Net loss from a fair value adjustment	(700)
Net book value at end of 2021	121,700

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

Key assumptions used in the valuation are summarised below:

	Consolidated/ Separate financial statements		Result to fair value where as an increase in assumption value
	31 December 2021	31 December 2020	
Discount rate (%)	15	15	Decrease in fair value
Yield rate (%)	12	12	Decrease in fair value
Rental rate per square meter per month (Baht)	117.8	117.8	Increase in fair value

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

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

14. Property, plant and equipment

Consolidated financial statements

(Unit: Thousand Baht)

	Revaluation basis	Cost basis						
	Land	Land improvement	Building and building improvement	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under installation and construction in progress	Total
Cost/Revalued amount								
1 January 2020	256,118	256	198,933	80,262	19,907	60,585	8,006	624,067
Acquisition	-	-	-	16,362	-	2,279	21,662	40,303
Transfer to inventories	-	-	-	-	-	(942)	(27)	(969)
Disposal / write-off	-	-	(19,000)	(2,708)	(1,665)	(2,182)	(327)	(25,882)
Transfer in / transfer out	-	-	1,015	3	-	5,972	(6,990)	-
31 December 2020	256,118	256	180,948	93,919	18,242	65,712	22,324	637,519
Increase from acquisition of subsidiary	20,000	4,161	1,600	202	1,170	21	2,365	29,519
Acquisition	-	54	2,316	5,214	4,421	4,421	24,657	41,083
Transfer to inventories	-	-	-	-	-	(304)	-	(304)
Disposal / write-off	-	-	(14,095)	(381)	(2,653)	(1,054)	(134)	(18,317)
Transfer in / transfer out	-	-	28,965	558	-	2,527	(32,050)	-
31 December 2021	276,118	4,471	199,734	99,512	21,180	71,323	17,162	689,500

Consolidated financial statements (continued)

(Unit: Thousand Baht)

	Cost basis						
	Revaluation basis	Land improvement	Building and building improvement	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under installation and construction in progress
	Land						Total
Accumulated depreciation							
1 January 2020	-	252	64,566	49,910	16,802	35,839	167,369
Depreciation for the year	-	4	13,199	10,544	1,047	8,751	33,545
Depreciation for disposals / write-off / transfer-out	-	-	(2,489)	(765)	(1,613)	(1,655)	(6,522)
31 December 2020	-	256	75,276	59,689	16,236	42,935	194,392
Increase from acquisition of subsidiary	-	4	31	21	177	3	236
Depreciation for the year	-	3	13,223	10,819	1,555	8,582	34,182
Depreciation for disposals / write-off / transfer-out	-	-	(2,314)	(61)	(2,653)	(835)	(5,863)
31 December 2021	-	263	86,216	70,468	15,315	50,685	222,947
Net book value							
31 December 2020	256,118	-	105,672	34,230	2,006	22,777	443,127
31 December 2021	276,118	4,208	113,518	29,044	5,865	20,638	466,553
Depreciation for the year							
2020 (Baht 15.6 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)							33,545
2021 (Baht 16.0 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)							34,182

Separate financial statements		(Unit: Thousand Baht)						
	Revaluation basis	Cost basis						
	Land	Land improvement	Building and building improvement	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under installation and construction in progress	Total
Cost/Revalued amount								
1 January 2020	256,118	256	198,933	72,982	19,458	58,987	8,000	614,734
Acquisition	-	-	-	14,219	-	2,264	21,657	38,140
Transfer to inventories	-	-	-	-	-	(942)	(20)	(962)
Disposal / write-off	-	-	(19,000)	(4,147)	(1,665)	(2,182)	(327)	(27,321)
Transfer in / transfer out	-	-	1,015	-	-	5,972	(6,987)	-
31 December 2020	256,118	256	180,948	83,054	17,793	64,099	22,323	624,591
Acquisition	-	-	2,316	4,174	4,422	4,369	24,351	39,632
Transfer to inventories	-	-	-	-	-	(304)	-	(304)
Disposal / write-off	-	-	(14,095)	(739)	(2,653)	(1,053)	(134)	(18,674)
Transfer in / transfer out	-	-	28,502	555	-	2,527	(31,584)	-
31 December 2021	256,118	256	197,671	87,044	19,562	69,638	14,956	645,245

Separate financial statements (continued)

(Unit: Thousand Baht)

	Revaluation basis	Cost basis						
	Land	Land improvement	Building and building improvement	Machinery and factory equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under installation and construction in progress	Total
Accumulated depreciation								
1 January 2020	-	252	64,566	47,908	16,590	35,161	-	164,477
Depreciation for the year	-	4	13,199	8,753	958	8,380	-	31,294
Depreciation for disposals / write-off / transfer-out	-	-	(2,489)	(1,368)	(1,613)	(1,655)	-	(7,125)
31 December 2020	-	256	75,276	55,293	15,935	41,886	-	188,646
Depreciation for the year	-	-	13,196	8,427	1,418	8,302	-	31,343
Depreciation for disposals / write-off / transfer-out	-	-	(2,314)	(100)	(2,652)	(834)	-	(5,900)
31 December 2021	-	256	86,158	63,620	14,701	49,354	-	214,089
Net book value								
31 December 2020	256,118	-	105,672	27,761	1,858	22,213	22,323	435,945
31 December 2021	256,118	-	111,513	23,424	4,861	20,284	14,956	431,156
Depreciation for the year								
2020 (Baht 13.4 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)								31,294
2021 (Baht 13.2 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)								31,343

Had the land been carried in the financial statements based on historical cost, its net book value as of 31 December 2021 would have been Baht 187.6 million (the Company only: Baht 167.6 million) (2020: Baht 167.6 million and the Company only: Baht 167.6 million).

As at 31 December 2021, 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 approximately Baht 158.5 million (the Company only: Baht 147.8 million) (2020: Baht 138.2 million and the Company only: Baht 138.2 million).

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

15. Land awaiting future development

The balances as at 31 December 2021 and 2020 were land awaiting future development. The Company has mortgaged land with net book value by Baht 3.2 million as collateral for short-term and long-term credit facilities granted by commercial banks.

16. Leases

16.1 The Group as a lessee

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

a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land	Buildings	Equipment	Motor vehicle	Total
1 January 2020	961	24,362	82	15,722	41,127
Additions	–	2,230	–	2,179	4,409
Disposal during the year – net book value	–	–	–	(115)	(115)
Depreciation for the year	(215)	(13,651)	(30)	(6,243)	(20,139)
31 December 2020	746	12,941	52	11,543	25,282
Additions	–	6,348	–	14,235	20,583
Disposal during the year – net book value	–	–	–	(856)	(856)
Decrease from lease modification	–	(1,922)	–	–	(1,922)
Depreciation for the year	(191)	(9,104)	(30)	(5,202)	(14,527)
31 December 2021	555	8,263	22	19,720	28,560

(Unit: Thousand Baht)

	Separate financial statements				
	Land	Buildings	Equipment	Motor vehicle	Total
1 January 2020	961	24,362	82	15,274	40,679
Additions	–	2,230	–	2,179	4,409
Disposal during the year – net book value	–	–	–	(115)	(115)
Depreciation for the year	(215)	(13,651)	(30)	(6,133)	(20,029)
31 December 2020	746	12,941	52	11,205	24,944
Additions	–	6,348	–	14,235	20,583
Disposal during the year – net book value	–	–	–	(856)	(856)
Decrease from lease modification	–	(1,922)	–	–	(1,922)
Depreciation for the year	(191)	(9,104)	(30)	(5,093)	(14,418)
31 December 2021	555	8,263	22	19,491	28,331

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Lease payments	26,885	27,751	26,746	27,490
Less: Deferred interest expenses	(1,812)	(1,678)	(1,801)	(1,657)
Total	25,073	26,073	24,945	25,833
Less: Portion due within one year	(11,122)	(11,504)	(11,005)	(11,393)
Lease liabilities – net of current portion	13,951	14,569	13,940	14,440

Movements of the lease liability account during the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Balance at beginning of year	26,073	43,154	25,833	42,804
Additions	15,469	3,777	15,469	3,777
Accretion of interest	(914)	(986)	(905)	(977)
Repayments	(17,437)	(22,279)	(17,317)	(22,159)
Other	1,882	2,407	1,865	2,388
Balance at end of year	25,073	26,073	24,945	25,833

A maturity analysis of lease payments is disclosed in Note 35 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	
	2021	2020	2021	2020
Depreciation expenses of right-of-use assets	14,527	20,139	14,418	20,029
Interest expenses on lease liabilities	914	986	905	977
Expenses relating to short-term leases	2,216	2,397	2,216	2,397
Expenses relating to leases of low-value assets	149	40	149	40

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 19.8 million (2020: Baht 24.7 million) (the Company only: Baht 19.7 million and 2020: Baht 24.6 million), including the 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	
	2021	2020	2021	2020	2021	2020
Undiscounted lease payments receivables under finance leases	4,394	4,779	2,477	6,769	6,871	11,548
Less: Deferred interest income	(331)	(569)	(189)	(477)	(520)	(1,046)
Investment in the finance leases	4,063	4,210	2,288	6,292	6,351	10,502
Less: Allowance for expected credit losses	–	–	–	–	–	–
Receivables from the finance leases – net	4,063	4,210	2,288	6,292	6,351	10,502

(Unit: Thousand Baht)

	Separate financial statements					
	Current portion of lease receivables		Lease receivables - net of current portion and up to 5 years		Total	
	2021	2020	2021	2020	2021	2020
Undiscounted lease payments						
receivables under finance leases	4,501	4,779	2,656	6,769	7,157	11,548
Less: Deferred						
interest income	(354)	(569)	(192)	(477)	(546)	(1,046)
Investment in the finance leases	4,147	4,210	2,464	6,292	6,611	10,502
Less: Allowance for						
expected credit losses	-	-	-	-	-	-
Receivables from the finance						
leases - net	4,147	4,210	2,464	6,292	6,611	10,502

Operating Lease

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

Future minimum lease payments expected to be received under non-cancellable operating lease as at 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
Receivable within:		
1 year	5.3	21.2
2 to 3 years	-	5.4
Total	5.3	26.6

17. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Computer software under installation	Total
Cost			
1 January 2020	24,570	628	25,198
Acquisition	1,276	1,542	2,818
Write-off	(43)	(1,267)	(1,310)
31 December 2020	25,803	903	26,706
Acquisition	12	-	12
Write-off	(17)	-	(17)
31 December 2021	25,798	903	26,701
Accumulated amortisation			
1 January 2020	22,651	-	22,651
Amortisation during the year	2,088	-	2,088
Amortisation of write-off	(35)	-	(35)
31 December 2020	24,704	-	24,704
Amortisation during the year	579	-	579
Amortisation of write-off	(17)	-	(17)
31 December 2021	25,266	-	25,266
Net book value			
31 December 2020	1,099	903	2,002
31 December 2021	532	903	1,435

(Unit: Thousand Baht)

	Separate financial statements		
	Computer software	Computer software under installation	Total
Cost			
1 January 2020	24,175	628	24,803
Acquisition	1,276	1,542	2,818
Write-off	(43)	(1,267)	(1,310)
31 December 2020	25,408	903	26,311
Acquisition	12	-	12
Write-off	(17)	-	(17)
31 December 2021	25,403	903	26,306
Accumulated amortisation			
1 January 2020	22,511	-	22,511
Amortisation during the year	1,956	-	1,956
Amortisation of write-off	(35)	-	(35)
31 December 2020	24,432	-	24,432
Amortisation during the year	468	-	468
Amortisation of write-off	(17)	-	(17)
31 December 2021	24,883	-	24,883
Net book value			
31 December 2020	976	903	1,879
31 December 2021	520	903	1,423

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

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated / Separate financial statements	
	2021	2020	2021	2020
Trust receipts	1.80 - 3.00	1.86 - 3.00	133,193	148,265
Promissory notes	2.63 - 2.77	MLR - 2.00, 2.72 - 3.00	29,815	33,590
			163,008	181,855

Bank overdrafts and 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	
	2021	2020	2021	2020
Trade accounts payable – related parties	69	46	7,235	15,631
Trade accounts payable – unrelated parties	11,025	11,845	9,856	9,713
Other payables – unrelated parties	68,792	61,085	68,211	60,961
Accrued expenses – related parties	65	–	786	561
Accrued expenses – unrelated parties	65,576	71,760	64,370	70,408
Accrued managements benefits	1,150	1,200	1,150	1,200
Total trade and other payables	<u>146,677</u>	<u>145,936</u>	<u>151,608</u>	<u>158,474</u>

20. Long-term loans from financial institution

(Unit: Thousand Baht)

Loan	Interest rate (percent per annum)	Repayment schedule	Consolidated / Separate financial statements	
			2021	2020
1	MLR – 2.00	Monthly principal and interest installment by Baht 1.49 million	16,410	33,425
Total			<u>16,410</u>	<u>33,425</u>
Less: Current portion			<u>(16,410)</u>	<u>(17,904)</u>
Long-term loans from financial institutions – net of current portion			<u>–</u>	<u>15,521</u>

Movements of the long-term loan during the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements
Balance as at 1 January 2020	49,778
Add: Additional borrowings	–
Less: Repayment	<u>(16,353)</u>
Balance as at 31 December 2020	33,425
Add: Additional borrowings	–
Less: Repayment	<u>(17,015)</u>
Balance as at 31 December 2021	<u>16,410</u>

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

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

21. 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	
	2021	2020	2021	2020
Provision for long-term employee benefits at beginning of year	19,439	17,658	18,734	17,196
Included in profit or loss:				
Current service cost	3,965	3,420	3,913	3,192
Interest cost	306	276	305	261
Past service costs	(175)	–	(175)	–
Benefits paid during the year	(2,383)	(1,915)	(2,383)	(1,915)
Actuarial (gain) loss arising from				
Demographic assumptions changes	(657)	–	217	–
Financial assumptions changes	(1,522)	–	(1,584)	–
Experience adjustments	(2,195)	–	(2,343)	–
Provision for long-term employee benefits at end of year	<u>16,778</u>	<u>19,439</u>	<u>16,684</u>	<u>18,734</u>

Actuarial gains arising from provision for defined benefit plans which were recognised in other comprehensive income of the Group in the year 2021 amounted to Baht 4.37 million (the Company only: Baht 3.71 million) (2020: Nil and the Company only: Nil).

As at 31 December 2020, the Group expected to pay long-term employee benefits within the next one year amounting to Baht 2.56 million (the Company only: Baht 2.56 million) (2021: Nil and the Company only: Nil).

As at 31 December 2021, 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) (2020: 7.6 – 28.0 years and the Company only: 7.6 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Discount rate	1.64 and 2.86	1.55 and 3.36	1.64	1.55
Salary increase rate	5.00	5.00 and 6.00	5.00	6.00
Staff turnover rate	14.00 – 52.00	1.91 – 52.00	14.00 – 52.00	14.00 – 52.00

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Increase		Decrease	
	2021	2020	2021	2020
Discount rate (+/- 1%)	(1,239)	(1,528)	1,394	1,742
Salary increase rate (+/- 1%)	1,334	1,984	(1,213)	(1,765)
Staff turnover rate (+/- 1%)	(522)	(1,651)	585	611

(Unit: Thousand Baht)

	Separate financial statements			
	Increase		Decrease	
	2021	2020	2021	2020
Discount rate (+/- 1%)	(1,225)	(1,381)	1,377	1,550
Salary increase rate (+/- 1%)	1,317	1,780	(1,199)	(1,608)
Staff turnover rate (+/- 1%)	(515)	(1,471)	576	347

22. Income from bad debt repayment and amount received to compensate losses

During the current year, the Company received payment from a former subsidiary. The payment consists of repayment of past outstanding liabilities, amount received to compensate deposits of past purchases, and amount received to compensate losses from sales of all inventories related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X, as discussed in Note 7 to the financial statements, totaling Baht 202.3 million. The receipt of bad debt repayment and amount received to compensate losses is in accordance with the conditions stipulated in the memorandum of agreement to sell shares in the subsidiary to unrelated person in December 2012. The amount received of Baht 202.3 million was recorded in the income statement for the current year.

23. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Current income tax:				
Current income tax charge	73,996	35,045	73,831	33,294
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(1,782)</u>	<u>(1,034)</u>	<u>(1,702)</u>	<u>(920)</u>
Income tax expenses reported in profit or loss	<u><u>72,214</u></u>	<u><u>34,011</u></u>	<u><u>72,129</u></u>	<u><u>32,374</u></u>

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax related to actuarial gain	<u>875</u>	<u>-</u>	<u>742</u>	<u>-</u>
Total	<u><u>875</u></u>	<u><u>-</u></u>	<u><u>742</u></u>	<u><u>-</u></u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Accounting profit before tax	<u>364,895</u>	<u>168,408</u>	<u>385,875</u>	<u>161,679</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	72,979	33,682	77,175	32,336
Adjustment in respect of income tax of previous year	(62)	19	(62)	(1)
Effects of:				
Non-deductible expenses (reversal)	465	1,753	458	1,753
Tax exemption income	–	–	(3,304)	–
Additional deductible expenses allowed	(2,323)	(1,880)	(2,138)	(1,714)
Tax losses	209	–	–	–
Share of (profit) loss from investments in joint venture and associate	(93)	250	–	–
Tax effect of intercompany eliminations	1,039	187	–	–
Total	<u>(703)</u>	<u>310</u>	<u>(4,984)</u>	<u>39</u>
Income tax expenses reported in profit or loss	<u>72,214</u>	<u>34,011</u>	<u>72,129</u>	<u>32,374</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax assets				
Allowance for expected credit losses	820	964	820	964
Allowance for diminution in value of inventories	8,226	8,100	8,078	8,020
Provision for long-term employee benefits	3,356	3,888	3,337	3,747
Lease	2,337	3,855	2,337	3,855
Provision of right to return goods	6,493	4,013	6,493	4,013
Total	21,232	20,820	21,065	20,599
Deferred tax liabilities				
Surplus of fair value from book value of investment properties	21,675	21,815	21,675	21,815
Surplus on revaluation of land	17,696	17,696	17,696	17,696
Surplus of fair value from book value of land and building transferred from investment properties	3,444	3,834	3,444	3,834
Lease	1,766	2,738	1,766	2,738
Goods expected to be returned by customers	2,308	1,300	2,308	1,300
Total	46,889	47,383	46,889	47,383
Deferred tax liabilities – net	(25,657)	(26,563)	(25,824)	(26,784)
Presented in the statements of financial position as follows:				
Deferred tax assets	167	–	–	–
Deferred tax liabilities	(25,824)	(26,563)	(25,824)	(26,784)
Net deferred tax liabilities	(25,657)	(26,563)	(25,824)	(26,784)

As at 31 December 2021, the subsidiary had unused tax losses totaling Baht 4.1 million (2020: Nil), 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 4.1 million (2020: Nil) will expire by 2026 (2020: Nil).

24. Finance income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Interest income on bank deposits	72	24	69	21
Interest income on loans	216	286	286	286
Interest income on leases	500	736	500	736
Others	9	–	9	–
Total	797	1,046	864	1,043

25. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Interest expenses on borrowings	5,635	8,272	5,536	8,272
Interest expenses on lease liabilities	914	986	905	976
Others	1,156	1,116	1,146	1,105
Total	7,705	10,374	7,587	10,353

26. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Salaries and wages and other employee benefits	261,882	261,492	227,570	222,108
Depreciation	48,708	48,045	45,761	45,684
Amortisation	580	2,088	468	1,956
Allowance for expected credit losses (reversal)	(4,116)	10,606	(4,050)	10,630
Advertising and sales promotion expenses	75,901	103,302	75,901	103,302
Loss on cost reduction of inventories to net realisable value (reversal)	637	(4,536)	293	(4,857)
Rental expenses from operating lease agreements	2,365	2,437	2,365	2,437
Raw materials and consumables used	574,662	595,583	570,131	593,427
Purchase of goods	573,915	578,130	660,418	686,703
Changes in finished goods and work in process	(22,190)	(9,226)	(22,185)	(9,097)

27. 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.

28. Revaluation surplus of assets

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

29. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2020	Annual General Meeting of the shareholders on 22 April 2021	35,200	0.04
Dividends for operating results from 1 January 2021 to 31 March 2021	Board of Directors' meeting on 13 May 2021	35,200	0.04
Dividends for operating results from 1 April 2021 to 30 June 2021 and retained earnings	Board of Directors' meeting on 11 August 2021	35,199	0.04
Dividends for operating results from 1 July 2021 to 30 September 2021	Board of Directors' meeting on 11 November 2021	35,198	0.04
Total dividends for 2021		<u>140,797</u>	<u>0.16</u>
Final dividends for 2019	Annual General Meeting of the shareholders on 5 May 2020	61,600	0.07
Dividends for operating results from 1 January 2020 to 31 March 2020	Board of Directors' meeting on 14 May 2020	26,400	0.03
Dividends for operating results from 1 April 2020 to 30 June 2020	Board of Directors' meeting on 10 August 2020	26,399	0.03
Dividends for operating results from 1 July 2020 to 30 September 2020	Board of Directors' meeting on 13 November 2020	35,199	0.04
Total dividends for 2020		<u>149,598</u>	<u>0.17</u>

30. 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.

31. 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 segment
- Warehouse rental and warehouse service segment
- Farming and agriculture segment

The Company's associate operates property development business.

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

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

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

The following tables present revenue, profit, total assets and total liabilities information regarding the Group's operating segments for the years ended 31 December 2021 and 2020, respectively.

(Unit: Thousand Baht)

	Manufacture and distribution of consumer products segment	Warehouse rental and warehouse service segment	Farming and agriculture segment	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Year ended 31 December 2021						
Revenue from external customers	1,269,888	21,170	9	1,291,067	-	1,291,067
Interest revenue	797	-	-	797	-	797
Interest expenses	(7,606)	-	(99)	(7,705)	-	(7,705)
Depreciation and amortisation	(49,212)	-	(76)	(49,288)	-	(49,288)
Reversal of allowance for expected credit losses	4,116	-	-	4,116	-	4,116
Allowance for reducing cost of inventories to net realisable value	(637)	-	-	(637)	-	(637)
Loss on revaluation of investment properties to fair value	-	(700)	-	(700)	-	(700)
Share of profit from investments in joint venture and associate	464	-	-	464	-	464
Income tax expenses	(68,154)	(4,060)	-	(72,214)	-	(72,214)
Segment profit	277,412	16,242	(973)	292,681	-	292,681
Segment total assets	1,526,195	121,700	66,935	1,714,830	-	1,714,830
Investments in joint venture and associate accounted for by the equity method	181,107	-	-	181,107	-	181,107
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	7,685	(700)	44,976	51,961	-	51,961
Segment total liabilities	522,897	-	51,774	574,671	(21,000)	553,671

	(Unit: Thousand Baht)				
	Manufacture and distribution of consumer products segment	Warehouse rental and warehouse service segment	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Year ended 31 December 2020					
Revenue from external customers	1,293,987	21,170	1,315,157	–	1,315,157
Interest revenue	1,046	–	1,046	–	1,046
Interest expenses	(10,374)	–	(10,374)	–	(10,374)
Depreciation and amortisation	(55,772)	–	(55,772)	–	(55,772)
Allowance for expected credit losses	(10,606)	–	(10,606)	–	(10,606)
Reversal of allowance for reducing cost of inventories to net realisable value	4,536	–	4,536	–	4,536
Gain on revaluation of investment properties to fair value	–	100	100	–	100
Share of loss from investments in joint venture and associate	(1,249)	–	(1,249)	–	(1,249)
Income tax expenses	(29,767)	(4,244)	(34,011)	–	(34,011)
Segment profit	117,420	16,977	134,397	–	134,397
Segment total assets	1,395,394	122,400	1,520,794	–	1,520,794
Investments in joint venture and associate accounted for by the equity method	190,240	–	190,240	–	190,240
Additions to non-current assets other than financial instruments and deferred tax assets	(11,519)	100	(11,419)	–	(11,419)
Segment total liabilities	513,777	–	513,777	–	513,777

Geographic information

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

Major customers

For the year 2021, the Group has revenue from a group of major customers in the amount of Baht 294 million, arising from sales by the manufacture and distribution of consumer products segment (2020: Baht 335 million derived from a group of major customers, arising from sales by the manufacture and distribution of consumer products segment).

32. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 2 percent of basic salary. The fund, which is managed by SCB Asset management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions of the Group for the year 2021 amounting to approximately Baht 1.75 million (the Company only: Baht 1.68 million) (2020: Baht 1.82 million and the Company only: Baht 1.74 million) were recognised as expenses.

33. Commitment and contingent liabilities

33.1 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 are as follows:

(Unit: Million Baht)

	As at 31 December	
	2021	2020
Payable within:		
Within 1 year	7.7	14.8
Over 1 and up to 3 years	1.5	5.0

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

As at 31 December 2021 and 2020, the Company had commitments related to the purchases of land, the construction of buildings and the purchases of machinery, equipment, inventories and computer software as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
THB	209.7	7.7	10.1	7.7
USD	0.3	–	0.3	–
RMB	0.4	–	0.4	–

33.3 Guarantees

As at 31 December 2021 and 2020, there were outstanding bank guarantees of 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.

34. Fair value hierarchy

As at 31 December 2021 and 2020, the Group had the assets that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2021			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	–	–	121,700	121,700
Land	–	–	276,118	276,118

(Unit: Thousand Baht)

	31 December 2021			
	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	–	–	121,700	121,700
Land	–	–	256,118	256,118

(Unit: Thousand Baht)

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

35. Financial instruments

35.1 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 from. 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 2021 and 2020, 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 2021 and 2020, the balances of financial assets and liabilities denominated in foreign currencies are summarised below..

Currency	Financial assets		Financial liabilities		Average exchange rate	
	2021	2020	2021	2020	2021	2020
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	–	–	3.77	3.70	33.4199	30.0371
JPY	0.06	0.06	–	–	0.2906	0.2907

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities as at 31 December 2021 and 2020. The Group's exposure to foreign currency changes for all other currencies is not material. This information is not a forecast or prediction of future market conditions and should be used with care.

Currency	2021		2020	
	Increase/Decrease	Effect on profit before tax	Increase/Decrease	Effect on profit before tax
	(%)	Thousand Baht	(%)	Thousand Baht
US Dollar	+10	(12,660)	+10	(11,112)
	– 10	12,660	– 10	11,112

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 its interest rate risk by having an appropriate balanced portfolio of fixed and variable rate loans and borrowings.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2020						
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
Financial Assets	(% p.a.)					
Cash and cash equivalents	0.05 – 0.15	–	–	148	4	152
Trade and other receivables	–	–	–	–	320	320
Lease receivables	5.56 – 10.72	4	2	–	–	6
Short-term loans to non-related party	5.25	4	–	–	–	4
		<u>8</u>	<u>2</u>	<u>148</u>	<u>324</u>	<u>482</u>
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	1.80 – 3.00	163	–	–	–	163
Trade and other payables	–	–	–	–	147	147
Share subscription payable for						
investments in subsidiary	–	–	–	–	2	2
Short-term loans from related						
parties and persons	1.50 – 2.00	56	–	–	–	56
Lease liabilities	1.39 – 3.53	11	14	–	–	25
Long-term loans from financial institutions	MLR –2.00	–	–	16	–	16
		<u>230</u>	<u>14</u>	<u>16</u>	<u>149</u>	<u>409</u>

(Unit: Million Baht)

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

(Unit: Million Baht)

Separate financial statements as at 31 December 2021						
	Interest rate	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
		within 1 year	1-5 years			
Financial Assets	(% p.a.)					
Cash and cash equivalents	0.05 – 0.15	–	–	146	3	149
Trade and other receivables	–	–	–	–	328	328
Lease receivables	5.56 – 10.72	4	3	–	–	7
Short-term loans to related party	2.00	21	–	–	–	21
Short-term loans to non-related party	5.25	4	–	–	–	4
		<u>29</u>	<u>3</u>	<u>146</u>	<u>331</u>	<u>509</u>
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	1.80 – 3.00	163	–	–	–	163
Trade and other payables	–	–	–	–	152	152
Share subscription payable from investments in subsidiary	–	–	–	–	2	2
Short-term loans from related parties and persons	2.00	26	–	–	–	26
Lease liabilities	1.39 – 3.53	11	14	–	–	25
Long-term loans from financial institutions	MLR –2.00	–	–	16	–	16
		<u>200</u>	<u>14</u>	<u>16</u>	<u>154</u>	<u>384</u>

(Unit: Million Baht)

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

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of floating rate loans affected as at 31 December 2021 and 2020.

Currency	2021		2020	
	Increase/Decrease	Effect on profit before tax	Increase/Decrease	Effect on profit before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Baht	+10	(57)	+10	(234)
	-10	57	-10	234

The above analysis has been prepared assuming that the amounts of the floating rate loans and all other variables remain constant over one year. Moreover, the floating legs of these loans are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest payable for the full 12-month period of the sensitivity calculation. This information is not a forecast or prediction of future market conditions and should be used with care.

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, account payables and other payables, bank loans and lease contracts. Approximately 97% of the Group's debt will mature in less than one year at 31 December 2021 (2020: 93%) (the Company only: 96% and 2020: 93%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2021 and 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank overdraft and short-term loans from financial institutions	-	163,008	-	-	163,008
Trade and other payables	-	146,677	-	-	146,677
Share subscription payable from investments in subsidiary	-	2,200	-	-	2,200
Short-term loan from related parties and persons	56,332	-	-	-	56,332
Lease liabilities	-	11,122	13,951	-	25,073
Long-term loans	-	16,410	-	-	16,410
Total	56,332	339,417	13,951	-	409,700

(Unit: Thousand Baht)

	Consolidated financial statements 31 December 2020				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank overdraft and short-term loans					
from financial institutions	–	181,855	–	–	181,855
Trade and other payables	–	145,936	–	–	145,936
Short-term loan from related party	30,000	–	–	–	30,000
Lease liabilities	–	11,504	14,569	–	26,073
Long-term loans	–	17,904	15,521	–	33,425
Total	<u>30,000</u>	<u>357,199</u>	<u>30,090</u>	<u>–</u>	<u>417,289</u>

(Unit: Thousand Baht)

	Separate financial statements 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank overdraft and short-term loans from					
financial institutions	–	163,008	–	–	1163,008
Trade and other payables	–	151,608	–	–	151,608
Share subscription payable from					
investments in subsidiary	–	2,200	–	–	2,200
Short-term loan from related party	26,000	–	–	–	26,000
Lease liabilities	–	11,005	13,941	–	24,946
Long-term loans	–	16,410	–	–	16,410
Total	<u>26,000</u>	<u>344,231</u>	<u>13,941</u>	<u>–</u>	<u>384,172</u>

(Unit: Thousand Baht)

	Separate financial statements 31 December 2020				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Bank overdraft and short-term loans					
from financial institutions	–	181,855	–	–	181,855
Trade and other payables	–	158,474	–	–	158,474
Short-term loan from related party	30,000	–	–	–	30,000
Lease liabilities	–	11,393	14,440	–	25,833
Long-term loans	–	17,904	15,521	–	33,425
Total	<u>30,000</u>	<u>369,626</u>	<u>29,961</u>	<u>–</u>	<u>429,587</u>

35.2 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.
- d) For long-term loans of which the interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.

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

36. 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 2021, the Group's debt-to-equity ratio was 0.5:1 (2020: 0.5:1) and the Company's was 0.5:1 (2020: 0.6:1).

37. Events after the reporting period

On 4 January 2022, the Extraordinary General Meeting of the shareholders of Pa Donphutsa Co., Ltd. approved an increase of Baht 240 million in the registered capital of the company, resulting in a total registered share capital of Baht 260 million. The Company is still holding 86% of its shares in this company.

On 24 February 2022, the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of shareholders to be held on 25 April 2022 to approve the resolution to pay a total dividend payment by Baht 0.18 per share in respect of the operating result of 2021. The dividend payment is scheduled for 24 May 2022 and represents a year-end dividend of Baht 0.06 per share, inclusive of the interim dividend of Baht 0.12 per share, or a total of Baht 52.8 million. Such dividend will be paid and recorded after the payment is approved by the Annual General Meeting of the Company's shareholders.

38. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee and the Company's Board of Directors on 24 February 2022.

PART 4

CERTIFICATION OF INFORMATION



Part 4 CERTIFICATION OF INFORMATION

The Company has thoroughly reviewed the information on this annual registration statement and hereby declares that the information is accurate, complete, not false nor misleading and does not lack material information that should be notified. Therefore, the Company attests that:

1. The financial statements and financial information summarized in this annual registration statement show material information accurately and completely in regards to the financial condition, the operating results and the cash flows of the Company and the subsidiaries;
2. The Company has established an effective disclosure system to ensure that the Company's and subsidiaries' material information is accurately and completely disclosed, and has supervised compliance with such disclosure system;
3. The Company has provided an efficient internal control system, supervised compliance with the system and submitted information on the available internal control assessment on 31 December 2021 to the auditor and the Audit Committee, covering deficiencies, significant changes to the internal control system and wrongful acts that may affect the preparation of financial report of the Company and the subsidiaries.

In this respect, as proof that all the documents are identical to those certified by the Company, the Company has authorized Ms. Suwannee Tharacheevin to sign on every page of the documents, and the absence of the authorized signature of Ms. Suwannee Tharacheevin on any document shall be deemed that such unsigned document has not been certified by the Company.

Name	Position	Signature
1. Mr. Wiwat Theekhakhirikul	Director	
2. Mr. Wongwiwat Theekhakhirikul	Director	
Authorized person Ms. Suwannee Tharacheevin	Assistant Managing Director – Accounting	

PART 5

ATTACHMENTS



Details of Directors, Management, Authorized Person and Secretary



Miss Phatchara Sivapong

Mr. Pongwiwat Theekhakhirikul

Mrs. Chonthida Sathawornwichit

Ms. Wei Xiuqing



Miss Seetala Kimsroi

Miss Nattanan Muansing



DETAILS OF DIRECTOR, MANAGEMENT AND AUTHORIZED PERSON AND SECRETARY



Mr. Wiwat Theekhakhirikul*

Position	Director, Chief Executive Officer and Chairman of the Board
Age (Year)	69
Educational Background	Bachelor of Political Sciences Major in Political, Ramkamhaeng University National Defense College Class 2547
Special Course	Advanced Certificate in Public Economic Management for Executives [Gen.1] – King Prajadhipok's Institute
Number of Share (%)	204,083,788 Shares 23.191% As at March 11, 2022
Experience	
2020 – Present	Director of Pa Donphutsa Co.,Ltd.
2016 – Present	Director of The Iconic Property Charan Sanit Wong 13 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 Pub Co.,Ltd.
2004 – Present	Chairman of the board of Karmarts Pub Co.,Ltd.
1982 – 2012	Managing Director of Karmarts Pub Co.,Ltd.



Lt.Gen. Kobboon Vichit

Position	Director, Chairman of the Audit Committee
Age (Year)	75
Educational Background	Master of Public Administration, National Institute of Development Administration
Number of Share (%)	17,000 Shares 0.002% As at March 11, 2022
Experience	
2011 – Present	Director of Karmarts Pub Co.,Ltd.
2007 – 2008	Senior Army Advisor
2005 – 2007	Army Air Defense Operation Center, Commanding General



Mr. Kraiwit Satayapiwat

Position	Director, Deputy Managing Director of Manufacturing and Warehouse
Age (Year)	65
Educational Background	Bachelor of Engineering Major in Mechanical, Chulalongkorn University
Number of Share (%)	28,000 Shares 0.003% As at March 11, 2022
Experience	
2014 – Present	Director of J Kos Laboratories Co.,Ltd.
2006 – Present	Deputy Managing Director of Karmarts Pub Co.,Ltd.
1988 – Present	Director of Karmarts Pub Co.,Ltd.
2005 – Present	Director of Starcom Co.,Ltd.



Mr. Prasit Dheeraratbongkot

Position	Director and Audit Committee
Age (Year)	67
Educational Background	B.ENG (EE) Chulalongkorn University Directors Certification Program (DCP62) Thai Institute of Directors
Number of Share (%)	75,200 Shares 0.009% As at March 11, 2022
Experience	2015 – Present Chairman of the Audit Committee and Independent Director RPCG Pub Co.,Ltd. 2008 – Present Director of Karmarts Pub Co.,Ltd. 2008 – 2012 Director of SCT Sahapan Co.,Ltd. 1997 – Present Managing Director of Puregreen Co.,Ltd. 2005 – 2017 Advisor of Siamrajathane Company Limited 1995 – 1997 Project Director of Petrochen (Thailand) Company Limited 1992 – 1994 Project Manager of Bangchak Corporation Public Company Limited



Puttithorn Jirayus, PhD

Position	Director and Audit Committee
Age (Year)	46
Educational Background	PhD (English Program) in Business Administration Institute of International Studies – Ramkhamhaeng University MBA Major in Management at Sasin Graduate Institute of Business Administration of Chulalongkorn University B.B.A in International Marketing American Intercontinental University (London)
Number of Share (%)	25,200 Shares 0.003% As at March 11, 2022
Experience	2019 – Present Dean of Continued Learning Southeast Asia University 2017 – 2019 Dean of Continued Learning Dusit Thani College 2012 – 2017 Faculty Member – Graduate School Stamford International University 2009 – 2012 Director of Business Administration Program 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



Mr. Wongwiwat Theekhakhirikul*

Position	Director and Assistant Managing Director – Management and Business Development
Age (Year)	39
Educational Background	Bachelor of Engineering, Chulalongkorn University
Number of Share (%)	2,184,620 Shares 0.248% As at March 11, 2022
Experience	2011 – Present Director of Karmarts Pub Co.,Ltd. 2010 – 2011 Business Development Director of Karmarts Pub Co.,Ltd. 2008 – 2009 Business Development Manager of Karmarts Pub Co.,Ltd. 2007 Director of KONTHAI TODAY Co.,Ltd.



Mr. Parit Teekakirkul

Position	Director
Age (Year)	39
Educational Background	Master of MSc in Construction Management, University of Reading, UK B.B.A. Bachelor Engineering Major Civil Engineering Chulalongkorn University
Number of Share (%)	33,025,200 Shares 3.753% As at March 11, 2022
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. 2005 – Present Director of Karmarts Pub Co.,Ltd. Director of Inspire Property Co.,Ltd.



Mr. Seah Sin Loo

Position	Director
Age (Year)	71
Educational Background	Secondary
Number of Share (%)	25,200 Shares 0.003% As at March 11, 2022
Experience	Overs 20 years of experience in the importation and exportation of electrical appliance 2001 – Present Director of Karmarts Pub Co.,Ltd.



Mr. Kattanant Yaphanich

Position	Director
Age (Year)	39
Educational Background	Master of Laws (LL.M.), National Institute of Development Administration (NIDA) in 2020 Bachelor of Arts (Political Science), Ramkhamhaeng University in 2006 Bachelor of Laws, Assumption University (ABAC) in 2005
Number of Share (%)	– None – As at March 11, 2022
Experience	2020 – Present Managing Director of Trasamduang Law Office Co.,Ltd. 2019 – Present Director of Karmarts Pub Co.,Ltd. 2019 – Present Managing Director of Criterion & Advisory Co.,Ltd. 2018 – Present Managing Director of Zeus Consultant & Management Co.,Ltd. 2011 – Present The Management Team of Sukhumvit A.T. Service Co.,Ltd. 2009 – Present Legal Advisor of Toyo Business Service PCL 2009 – 2011 Legal officer of Navanakorn Complex Co.,Ltd. 2009 Lawyer of Zeus Consultant & Management Co.,Ltd.

2008 – 2009
2006 – 2007



Mr. Kattananant Yaphanich

Special Training

Lawyer Clerk of Zeus Consultant & Management Co.,Ltd.
Legal Execution Officer of Viriyah Insurance Co.,Ltd.
Over 10 years of experience as a lawyer in civil, criminal, bankruptcy cases not less than 500 cases Passed the test training courses as follows

Obtained a Lawyer license from the Lawyers Council of Thailand to practice as a lawyer License number 1104/2009 since 26 June 2009

Obtained licensed by the Lawyers Council of Thailand to be a lawyer who is authorized to certify signatures and documents since 2010 – Present

Licensed by the Officer of Insurance Commission (OIC) to be a non-life insurance broker since 2014

Special Course/Seminar

AEC & PRODVCT LIABILITY LAW lectured by Prof. Dr. Sakda Thanitcul on 19 February 2016, organized by Unique Seminar & Training Co., Ltd.

Consumer Case Procedure Act lectured by Thanit Ketsawapitak, Chaiyuth Srijumnong, and Sub Lt. Thawal Ruyaporn on 3 August 2019 held at Kasem Bundit University



Mrs. Tussanee Auncharoen

Position

Deputy Managing Director of Accounting and Finance

Age (Year)

61

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. 2/62, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King

Number of Share (%)

259,866 Shares 0.030%

As at March 11, 2022



Mrs. Chonthida Sathawornwicht

Position

Assistant Managing Director – Marketing

Age (Year)

41

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

Number of Share (%)

573,200 Shares 0.065%

As at March 11, 2022



Ms. Suwannee Tharacheevin

Position Assistant Managing Director – Accounting
Age (Year) 57
Educational Background Bachelor of Business Administration Major Accounting, Sukhothai Thammathirat University
 Bachelor of Business Administration (B.B.A), Major General Management, Sukhothai Thammathirat University
Number of Share (%) 25,200 Shares 0.003%
 As at March 11, 2022



Mrs. Aunruen Arunvisavakul

Position Assistant Managing Director – Warehouse and Distribution
Age (Year) 63
Educational Background Bachelor of Liberal Arts Major Management, Bansomdejchaopraya Rajabhat University
Number of Share (%) 25,200 Shares 0.003%
 As at March 11, 2022



Mr. Pongwiwat Theekhakhirikul

Position Assistant Managing Director – Marketing and Product Development
Age (Year) 38
Educational Background Bachelor of Architecture, Chulalongkorn University
Number of Share (%) 535,200 Shares 0.061%
 As at March 11, 2022



Mrs. Somsri Viriya

Position Accounting Director
Age (Year) 53
Educational Background Bachelor of Business Administration Major in Accounting, Sukhothai Thammathirat University
Number of Share (%) 19,200 Shares 0.002%
As at March 11, 2022



Mr. Satjapong Yongskulrote

Position Business Development Director – Information Technology
Age (Year) 39
Educational Background Bachelor of Engineering, Chulalongkorn University
Number of Share (%) 43,200 Shares 0.005%
As at March 11, 2022



Ms. Wei Xiueqing

Position Business Development Regional Director
Age (Year) 38
Educational Background Business IT and Law, Nanyang Technological University
Number of Share (%) –
As at March 11, 2022



Miss Nattanan Muansing

Position Sales Operation Director — Modern Trade Convenience Store
Age (Year) 38
Educational Background Bachelor of Applied Science Major Bioindustrial, King Mongkut's University of Technology North Bangkok.
Number of Share (%) 19,200 shares 0.002%
 As at March 11, 2022



Miss Phatchara Sivipapong

Position Marketing Director
Age (years) 38
Educational Background Master of Business Administration at RMIT University
 Bachelor of Art in Business Chinese at Assumption University
Number of Share (%) –
 As at March 11, 2022



Miss Seetala Kimsroi

Position Product Development Director
Age (years) 41
Educational Background Bachelor of Communication Arts, Faculty of Management Science, Suan Dusit University
Number of Share (%) –
 As at March 11, 2022

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

Roles and Responsibility of Corporate Secretary

The Board of Directors has resolved the appointment of Miss Suwannee Tharacheevin as the corporate secretary. As defined in the Securities and Exchange Act, the corporate secretary is obligated to perform duties with care and honesty and comply with the Company's good corporate governance policy, Board resolution as well as the resolution of shareholders. The duties and responsibilities of the corporate secretary are elaborated as follows:

1. To arrange Board of Directors' meeting and shareholder's meeting.
2. To prepare and safekeep important documents such as registration of members of the Board, notice and minutes of the Board's meetings, annual report of the company, invitation letter to the shareholders' annual general meeting, notices and minutes of shareholders' meetings as well as conflict of interest reports.
3. To provide important information/advice to the members of the Board in order to support the Board's effective and efficient management tied to utmost benefits of the Company.
4. To coordinate with all departments of the Company to comply with resolutions of the Board of Directors and shareholder's meeting.
5. To coordinate administrative matters with governmental supervisory units such as the Stock Exchange of Thailand.
6. To be responsible for disclosure and reporting of accurate, complete and legal-compliant information to supervising agencies and the public.
7. Other duties as assigned.

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 Phrakasem Bangwaek 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, PhD	/						
6. Mr. Parit Teekakirikul	/		/ , //		/ , //, X	/ , //, X	
7. Mr. Wongwiwat Theekhakhirikul	/ , //	/	/	/			
8. Mr. Seah Sin Loo	/						
9. Mr. Kattanant Yaphanich	/						

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**J Kos Laboratories Co.,Ltd. as follow:**

- | | |
|----------------------------------|----------|
| 1. Mr. Wongwiwat Theekhakhirikul | Director |
| 2. Mr. Kraiwit Satayapiwat | Director |
| 3. Ms. Runglawan Wiboonkiat | Director |
| 4. Mr. Uthen Pattananiphon | Director |

The Iconic Property Co.,Ltd. as follow:

- | | |
|----------------------------------|----------|
| 1. Mr. Wiwat Theekhakhirikul | Director |
| 2. Mr. Parit Teekakirikul | Director |
| 3. Mr. Chayut Udomcharoenchaikit | Director |

Pa Donphutsa Co.,Ltd. as follow:

- | | |
|----------------------------------|----------|
| 1. Mr. Wiwat Theekhakhirikul | Director |
| 2. Mr. Parit Teekakirikul | Director |
| 3. Mr. Chayut Udomcharoenchaikit | Director |
| 4. Mr. Wongwiwat Theekhakhirikul | Director |

KJF GLOBAL Co.,Ltd. as follow:

- | | |
|----------------------------------|----------|
| 1. Mr. Wongwiwat Theekhakhirikul | Director |
| 2. Mr. Kanisorn Oonjittikul | Director |

DETAILS OF HEADS OF INTERNAL AUDIT AND COMPLIANCE DEPARTMENTS



Lt. Gen Kobboon Vichit

Name Lt. Gen Kobboon Vichit
 Age 75 years old
 Nationality Thai
 Position Chairman of Audit Committee and Independent Director
 Educational Master Degree of Public Administration, National Institute of Development Administration
 Shareholding [%] 17,000 Shares 0.002%
 As at March 11, 2022
 Relationship with Management — None —
 Experience
 2011 — Present Chairman of Audit Committee and Independent Director of Karmarts Pub Co., Ltd.
 2007 — 2008 Senior Army Advisor
 2005 — 2007 Army Air Defense Operation Center, Commanding General



Mr. Prasit Dheeraratbongkot

Name Mr. Prasit Dheeraratbongkot
 Age 67 years old
 Nationality Thai
 Position Audit Committee and Independent Director
 Educational B.ENG(EE) Chulalongkorn University
 Directors Certification Program (DCP62) Thai Institute of Directors
 Shareholding [%] 75,200 Shares 0.009%
 As at March 11, 2022
 Relationship with Management — None —
 Experience
 2021 — Present Director of Equator Solar Capital Co., Ltd.
 2015 — Present Chairman of Audit Committee and Independent Director of RPCG Pub Co., Ltd
 2008 — Present Director of Karmarts Pub Co., Ltd.
 2008 — 2012 Director of SCT Sahapan Co., Ltd.
 1997 — Present Managing Director of PURE GREEN Co., Ltd.
 2005 — 2017 Advisor of Siamrajathane Co., Ltd.
 1995 — 1997 Project Director of Petrochen (Thailand) Co., Ltd.
 1992 — 1994 Project Manager of Bangchak Corporation Pub Co., Ltd.



Mr. Puttithorn Jirayus, PhD

Name	Mr. Puttithorn Jirayus, PhD
Age	46 Years
Nationality	Thai
Position	Audit Committee and Independent Director
Educational	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)
Shareholding [%]	25,200 Shares 0.003% As at March 11, 2022
Relationship with Management	– None –
Experience	
2019 – Present	Dean of Continued Learning Southeast Asia University
2017 – 2019	Dean of Continued Learning Dusit Thani College
2012 – 2017	Faculty Member – Graduate School Stamford International University
2009 – 2012	Director of Business Administration Program 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



Ms. Kanokorn Siriarunporn

Name	Ms. Kanokorn Siriarunporn
Age	49 Years
Nationality	Thai
Position	Internal Audit Manager / Secretary of Audit Committee
Educational	Bachelor of Accountancy (Accounting), Bangkok 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 11, 2022
Relationship with Management	– 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

Date of Valuation	Type of Asset	Quantity (Unit)	Estimated Total Value (THB)	Purpose of Valuation	Asset Valuation Company	Chief Appraiser
25/12/2021	Land with Structure Group 1 Lands (2) Title Deed No. 5472 and 19999 Total Land Size 19-0-29.1 Rai (7,629.1 Square Wa) Total Land Size and Value Building: 5 Buildings	7,629.1sq. wa	67,726,050 67,726,050	To determine the current value of a company' sassets	Prime Asset Appraisal Co., Ltd.	Mr. Raknarong Thepwarin Valuation senior analyst No. 317
	1. Factory and ofce with mezzanine No.140 Village No. 4	1	48,687,847			
	2. Canteen and office	1	5,117,642			
	3. Guard booth (No.1)	1	19,752			
	4. Guard booth (No.2)	1	23,478			
	5. Single storey warehouse	1	125,231			
	Total Assets	5	53,973,950			
	Total Assets of Group 1 determined by income approach		121,700,000			

Good Corporate Governance Policies

1. Report on Good Corporate Governance

The Board of Directors recognizes the importance of Good Corporate Governance principles and has made it a top priority for the company, establishing a set of policies, guidelines and principles for the company to implement transparency and enhance competitive capability in order to ensure reliability for shareholders, investors and related parties, of which cover the following primary issues:

- Equal and fair treatment of all shareholders and stakeholders.
- Forward-looking commitment on creation and addition of value to company's operations in the long term, prudent and comprehensive management as well as responsible, competent and effective execution to maximize shareholders' value while preventing conflict of interests.
- Transparency and accountability in operation, complemented with adequate disclosure of information to all relevant parties.
- Risk anticipation and evaluation in all business aspects and implementation of appropriate risk management strategies.
- Establishment of moral and ethical standards for company's directors and staff to conform.

2. Shareholders Rights

Company accords a top priority to Shareholders' Rights which are stated in the Company's Articles of Association, including the right to access company information, right to vote, fair treatment and facilitation in shareholders' meetings.

3. Stakeholders Rights

All groups of Stakeholders Rights, such as reliable and timely disclosure of information for dissemination to all stakeholders and fair treatment without taking advantage of counterparties, related parties and all employees, are also accorded paramount importance by the company.

4. Shareholders' Meetings

Another high priority is the Company's Shareholders' Meetings conducted as per stipulation in the Company's articles of Association. The Company has clearly crafted the guidelines for organizing shareholders' meeting, facilitating and disseminating news and relevant information to the shareholders promptly and sufficiently and on equal basis.

5. Leadership and Vision

The Board of Directors is in charge of establishing the company's vision, obligation, goal, business plan and budget considerations as well as supervising the management team to guarantee that all operations are performed efficiently and effectively as planned and within budgets provided. Furthermore, the Board of Directors also instituted an Internal Audit and Control System as well as risk management measures and set up an effective monitoring mechanism to ensure consistency amongst operations.

6. Conflict of Interests

In order to avoid conflict of interests, the Board of Directors has drawn up ethical guidelines for directors to strictly adhere to. Directors shall perform their duties while preventing conflicts that may occur between personal and company interests in order to maximize efficiency of management.

The avoidance of conflict of interests is primarily established to stem out derivation of personal benefits from directorship and erroneous use of company information. To this, the Board of Directors has appointed the Audit Committee to inspect directorial implementations and file report in cases where conflict of interests may potentially occur.

7. Business Ethics

The Board of Directors has established moral and ethical principles which have been disseminated for all executive directors and staff to comply with. This practice aims to foster consciousness for a moral and ethical job performance, resulting in satisfactory internal audit and control which are interconnected.

8. Checks and Balance of Non-Management Board Members

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

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

9. Aggregation or Segregation of Positions

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

Managing Director has 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 holds regular meetings quarterly as well as adhoc collateral meetings with clearly specified agenda to continuously inspect implementation and performance of company operations. The Board's secretary delivers meeting invitation with agenda and relevant documents to the directors prior to scheduled meetings to allow sufficient time for preparation and each meeting typically lasts 3 hours.

12. Subcommittees

The Company's Board of Directors appoints subcommittee 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 2021, the Audit Committee held 8 meetings in total and responsibly reported to the Board of Directors all outputs of meetings.

13. Internal Audit and Control Systems

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

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 also appointed Internal Audit Team to examine financial, managerial, operational and information systems to assure all related parties that all system implementations effectively abide by the laws and company's regulations. In addition, in order to ensure the effectiveness of Internal Audit execution in terms of independently inspecting and counterbalancing, the Board of Directors has allocated the Internal Audit to directly report inspection results to Audit Committee as well as receiving performance appraisal from the committee.

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

The Board of Directors is in charge of preparing financial statements and information reported in the Annual Report. All financial statements published are prepared in accordance with acceptable accounting principles within Thailand. Such preparation has been applied with transparent accounting procedures and with the goal of disclosing sufficient information in the Notes to financial statements. The Board of Directors recognizes the importance of having complete and precise accounting data in order to affirm that the company's financial system has been operating in accordance with good corporate governance principles to avoid unfavorable outcomes, either illegal actions or significant errors.

To achieve these goals, the Board of Directors appointed the Audit Committee, consisting of non-managing directors, to oversee the disclosure of significant information and financial statements 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 is of the opinion that all board members and management executives have strong ethical standards and do not misuse any internal and proprietary information for personal benefits. With penalty being an ineffective control mechanic which focuses only on passive post-event actions, the Company has no written policy on this matter to date.

Nevertheless, the Company has accorded priority to monitor and secure internal information access and usage, identifying that only authorized persons or high-level executives are permitted to access internal information with the approval of shareholders and under specific limitations. Additionally, the company has designated the Public Relation Office or the high-level management to be the only parties entitled to provide information to public.

REPORT OF AUDIT COMMITTEE

Dear : Shareholders of Karmarts Public Company Limited,

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

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

With Mrs. Kanokorn Siriarunporn (Internal Audit Manager) assuming position as secretary to the Audit Committee, the Audit Committee carried out its duties according to the Audit Committee Charter, ensuring compliance with the rules and regulations of the Securities and Exchange Commission Thailand (SEC) and Stock Exchange of Thailand (SET) and ensuring good corporate governance and efficiency in the Internal Audit Process which oversee maximal benefit of transparency for shareholders and that the management team carried out their duties ethically and with honesty. The summary of key duties carried out in 2021 are as follow:

1. Review of financial statements – The Audit Committee reviewed financial statements and the consolidated financial statements of the company and its subsidiaries for accuracy, completeness and reliability both quarterly and yearly in 2021. The said set of financial documents were also subsequently, and in entirety, reviewed and audited by the Auditor Certified Public Accountant (EY Office Limited). The accounting executives held regular and prompt joint discussions with the Auditor in terms of the accuracy of all financial representations and effected adjustments of key accounting matters with potential impact on the consolidated financial statements to ensure the accounting system and financial reports are prepared in accordance with generally accepted accounting principles and disclosed in timely manner.

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

The audit committee opines that the process of accounting and financial reporting of the company demonstrates adequate accuracy according to accounting and financial standards and disclosure of information was made on continuous basis in a timely fashion.

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

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 assessed guidelines and ensured the company has put into practice principles of good corporate governance. It was established that the company has adopted the approach of The Committee of Sponsoring of the Tread way Commission (COSO) 2013 and applied internal controls both operationally and administratively.

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

In 2021, 8 annual meetings were executed and 1 collateral meeting was held to consider suggestions for and ongoing applications of protocols, including prior observations and comments from the Audit Committee which led to development of effective error prevention and risk management protocols, with which the Board of Directors and Executive Committee could better manage processes and business risks in a timely manner within the dynamic business environment associated with Covid-19 and amidst any form of business disruption.

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

5. Assessment of Risk Management – The management team identified and analyzed risks that might affect the company's operations through regular quarterly meetings focusing on operational planning and standard setting for risk management and control. Key risks identified through the process are as follow:

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

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

6. Review of internal control system – The Audit Committee continued to accord great priority to suggested improvements on internal control system as well as audit plan from external and internal audit managers. The company approached and applied the regulations of The Committee of Sponsoring Organization of the Tread way Committee (COSO) 2013 and the Audit Committee opines, based on above-mentioned points (1 to 5), that the Company has executed appropriate, adequate and independent internal control systems. Besides common audit matters, another major challenge that surfaced in 2021 related to the effectiveness of internal control system in response to the impact of COVID-19.

For the past two years, the world has been severely affected by the lingering spread of COVID-19, causing economic collapse, actual or potential, in the past, present and foreseeable future in numerous countries, including Thailand. Therefore, it is paramount that the Company must anticipate and adapt promptly in order to survive the global financial recession, which is far from over in the near future. In spite of continuing viral spread, the company successfully steered the business by virtue of an effective internal control system, thereby ensuring profitability and issuance of quarterly dividends to all shareholders though at a slightly lower rate than before. In addition, the company also implemented a "Protect & Save" policy in response to the ongoing viral transmission, which as a result ensured that our employees feel more assured in the workplace and thereby maintain high levels of work efficiency.

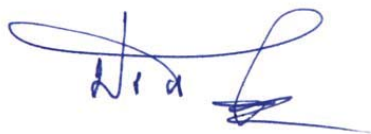
The committee is of the view that the company has an appropriate internal control system in place as well as sufficient preventive measures for adverse impacts which could be brought about by COVID-19, demonstrating that the Company is well-prepared to face the unanticipated difficulties and challenges in the future.

7. Appointment of Auditor — The Audit Committee reviewed the qualifications of auditor prior to appointment and assessed the auditor's performance regularly in the past year. The Company has applied suggestions, including significantly beneficial observations and comments from the Audit Committee which led to enhancement that effectively prevented error from occurring while maintaining highest level of compliance with law and regulations of SEC and SET, together with new Accounting Standards. In view of satisfactory operational results, the audit committee decided to propose to the board of directors for the continued appointment, subject to approval by the shareholders at the shareholder meeting, of EY Office Limited to carry out the Auditor Certified Public Accountant for the company in 2022 accordingly.

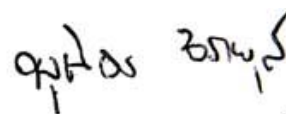
In conclusion, the audit committee of the company is convinced that the Company has provided accurate and reliable financial statements according to financial accounting standards and disclosed all necessary information in the notes of financial statements according to the Accounting Professions Act B.E. 2547,. Adherence to good corporate governance supported with proper and adequate internal controls, along with compliance to the Law on Securities and Exchange Commission and the rules and regulations of SEC, SET, and other relevant legislation or regulatory bodies were also duly noted. The Company has conducted appropriate assessment of business risks in a systematic and effective manner over the past year, leading to the steady business progression during times of rapid change and uncertainty.



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



(Mr. Prasit Dheeraratbongkot)
Audit Committee



(Puttithorn Jirayus, Ph.D.)
Audit Committee