



KARMART

20
22

ANNUAL REGISTRATION STATEMENT
ANNUAL REPORT

56-1 One Report

ANNUAL REGISTRATION STATEMENT
ANNUAL REPORT 2022
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KARMARTS PUBLIC COMPANY LIMITED



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BOARD OF DIRECTORS' MESSAGE

Greetings to all shareholders. 2022 undoubtedly presented itself as a year of hope, with majority of the world bouncing back from the downs associated with prolonged years of Covid-19 outbreaks. Being one of the first economies worldwide to open itself to tourists and business travelers through spearheading sandbox programs, Thailand achieved an annual economic growth of 2.6% in 2022 to arrive at THB 17.4 trillion (495 billion US dollars) Gross Domestic Product as opposed to a 1.5% growth in 2021. The favorable result was driven by both a recovery of tourism and improvement in domestic demand. Private consumption expenditure produced an especially strong increase of 5.7% in the past year and brought along with it a boost of sales in KARMART's beauty business, an integral part of personal care and consumption.

Despite having commentaries described Thailand as "approaching a historic turning point amid political uncertainties"¹ in 2022, domestic environment within the kingdom was generally stable in the past year, thereby leading to improved consumer confidence. This is as opposed to the still-ongoing war between Russia and Ukraine which set the stage for worldwide inflation and eventually led to the worse inflation witnessed in decades. In Thailand itself, headline inflation hit a 24-year high of 6.08% in 2022, with the core rate at 2.51%². With that, every aspect of a business becomes more expensive, and cost and expenditure control surfaced as the top priority of the management team.

With seizure of blooming sales opportunities and management of inflated expenses hanging on both critical ends, the Company achieved total Operating Revenue of THB 1,910 million for the past fiscal year, which represents an increase of 27.08% from 2021. Net Profit attained stood at 17.12% or THB 327 million, representing a YoY increase of 11.60%. Along with the recovering economy came total dividend payout totaling THB 228.80 million or THB 0.26 per share. Return-on-Equity Ratio was concluded at 26.62% whereas Return-on-Asset ratio recorded 17.04%. Retained Earnings presented a healthy standing of THB 515 million, once again affirming KARMART as a preferred choice on the Stock Exchange of Thailand.

Last but not least, on behalf of the Board of Directors, I would like to express my sincere gratitude towards all stakeholders, with special emphasis on all staff, for having stood by us and finally braved through the storms that presented major challenges in the past three years. The KARMART team is committed to charge forward with our all to replicate greater success in the year ahead and we invite you to witness our impending advancement towards the Company's vision of becoming one of the leading branded beauty providers for everyone worldwide.

Board of Directors
Karmarts Public Company Limited

Reference

¹<https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/2022-83-thailand-approaches-an-historic-turning-point-amid-political-uncertainties-by-termsak-chalermpanupap/>

²<https://www.reuters.com/markets/asia/thai-headline-cpi-up-502-yy-jan-below-forecast-2023-02-06/#:~:text=In%202022%2C%20headline%20inflation%20hit,the%20core%20rate%20at%202.51%25.>

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 leading branded beauty providers for everyone worldwide

Mission

To achieve our mission, the Company is committed to:

1. Providing best products 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

Corporate Culture

Know	: Know the 8 attributes of KARMARTS
Knew	: Accept and learn from mistakes from the moment you knew about them
Known	: Make known your ideas to continuously improve
Knowledge	: Share knowledge within and across teams

8 Attributes of KARMARTS

1. Keenness – Motivated and enthusiastic employee who actively learns on his/her own to acquire expertise
2. Assertiveness – Stands firm with his/her ethical work decisions
3. Mental strength – Displays good EQ and tolerance for stress
4. Rationality – Makes logical and careful work decisions
5. Service-mind – Believes that work is about serving both internal and external customers
6. Team-work – Functions as team players
7. Articulation – Maintains open communication with all team members
8. Responsibility – Accounts for work done with honesty

Goals and Business Strategies

Marketing Strategies

In 2022, adverse impacts of Covid-19 pandemic toned down significantly worldwide, allowing for a return to normalcy. The cosmetics market also experienced a positive trend thereof, with consumers re-granting greater importance to makeup as a means of enhancing their confidence in social situations. Furthermore, consumers were found to have accorded higher priority to top-quality skincare and dietary supplements for self-care purposes. This creates multiple opportunities for the Company in its expansion and enhancement of marketing strategies.

The strategic plans for 2022 are listed below:

1. Product Strategy

- 1.1 The Makeup category enjoys widespread popularity among consumers and provides many opportunities for the Company to introduce a plethora of new products under different brands to fulfill diverse consumer demands. Moreover, studying consumer needs, creating and exploring novel ingredients or innovations are critical in establishing unique features for products under every distinctive brand.
- 1.2 Covid-19 pandemic prompted the rise in use of skincare products as people spend additional time at home due to lockdowns or movement concerns. This rise in skincare demand reflects a long-term shift towards wellness, self-pamper, and natural aesthetics. 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 product segment.
- 1.3 Consumer Products: Consumer goods are products intended for everyday consumption, covering a large product portfolio inclusive of food and non-food categories. Panic purchases stemming from the Coronavirus outbreak led sales of consumer-packaged goods – from toilet paper and canned food – 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 launch products in the categories of skincare, oral care, haircare and homecare, and places further emphasis on the quality of its products, with a strong focus on rigorous testing to ensure product safety.

- 1.4 Dietary Supplements: Since the beginning of the COVID-19 pandemic, the interest in immunity-enhancing supplements and herbal products as well as their consumption rates dramatically soared as people looked 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 powder to respond to the ever-changing demands and preferences of health and fitness enthusiasts, all while focusing on marketing through retail and online channels, which has resulted in highly positive feedback. The Company offers a huge range of supplements generally classified into segments as follow: weight loss supplement, skincare supplement, detox supplement and immunity-boosting supplement.
- 1.5 Aromatherapy & Spa Products: Previously only popular among a specific group of consumers, there is now an increasing number of people who are interested in and recognizing the importance of using aromatherapy and spa products to relax and reduce stress from daily life. Despite the existence of major mature players in the market, there has been a rise in the number of new brands entering the market due to increased demand from consumers. Additionally, current consumer behavior has shifted towards purchasing such products for use at home or work instead of acquiring spa services, which has led many brands to develop new market strategies for this product group to meet the changing customer demands and remain competitive. The Company has been selling Aromatherapy products for a long period of time, and its primary product categories include air fresheners, essential oils, perfumes, as well as natural skin care products such as shampoo, shower cream, lotion and others. With a marketing strategy primarily focused on retail channels, this category of products is sold in standalone stores marketed under "Reunrom" brand as well as Karmart stores and iconic department stores such as Icon Siam and Siam Paragon. Reunrom also established online stores in marketplaces and dedicated selling points, allowing them to reach target consumers directly.

2. Marketing Channel Strategy

- 2.1 The Company constantly seeks to expand its market width and depth and increase sales by utilizing new online channels. This includes selling products through livestream and promoting sales through social media channels such as Facebook. Furthermore, the Company also plans to increase its sales channels by adding its stores to other marketplace platforms and leverage its existing stores that sell all brands then launch distinctive brand stores to boost sales.
- 2.2 Concurrently, another key focus of the Company is on the gaining of more retail distributors and establishing a stronger presence in local communities and the mass market.
- 2.3 As the Covid-19 situation improves, the Company also redirects its attention towards expanding sales through modern trade channels and retail stores in order to increase brand awareness and sales, and launched various sales promotions such as discounted products, free shipping, giveaways, free trials and such.

3. Marketing Communication Strategy

- 3.1 The Company was able to increase marketing communication through Out-of-Home media in 2022 compared to the year before as consumers resume normal life of being out and about.
- 3.2 A key focus for marketing communication was placed on online platforms and collaborations with high-profile beauty bloggers, influencers and real users from across the country to enhance the brand awareness among beauty aficionados. Moreover, the Company also emphasizes promotion in the form of product reviews in various formats such as text, images, and videos.
- 3.3 The Company concurrently relied on selection of prominent actors and actresses as brand ambassadors to increase brand awareness and boost sales of the series of products they represent while reaching out to larger customer base that may include fans of the celebrities.

The Company accustomed to the Covid-19 situation through effective strategies and policies, enabling it to handle the ever-changing circumstances effectually. Therefore, sales were not significantly affected, and the implementation of some new strategies even resulted in increase in sales.

Target Group

The Company's target market consists of teenagers and individuals between the ages of 18 to 40 who value self-care and have an interest in beauty products and staying up-to-date with beauty trends. It aims to provide quality products at affordable mid-range prices to ensure that customers have easy access. Target audience of each brand under KARMART's roof is listed below:

1. Cathy Doll: Teenagers and corporate workers who embrace diversity with open arms and adopt a playful attitude towards beauty trends, are adorable, charming, confident and constantly in search of innovative beauty products that cater to their individualized preferences and needs.
2. Baby Bright: Teenagers and corporate workers who are beauty and health enthusiasts seeking all-natural skincare innovations that pamper and nourish the skin, as well as nutrimental cosmetics to lessen the load of chemicals on skin.
3. Boya: People of all ages and genders who look for powerful treatments that cater to all hair and body nourishment needs.
4. Jejuvita: Young women who are passionate about health and fitness, and in search of dietary supplements which are perfect in terms of both nutrition and taste, making them look and feel good from within.
5. Reunrom: Upper middle income and social class customers who are health and wellness fanatics, and look for lifestyle products that complement their balanced living lifestyle, such as fragrances, massage oils and room diffusers etc.
6. Crayon: Modern ladies who wish to attain professional makeup looks, confidence and charm with minimum efforts.
7. Cathy Choo: Delicate ladies who fancy floral and herbal fragrances, as well as sophisticated packaging that provides luxurious visual sensation.
8. Skynlab: Individuals who are in search of premium oral care and skincare products specifically formulated to address oral hygiene or skin concerns and enhance personal confidence.
9. Keumyon: Customers who experience hair issues and are on the lookout for affordable, high-quality hair care solutions made with natural extracts and herbs.
10. 7-Clean: Middle class workers and stay-at-home mothers who seek high-performance household cleaning products safe for their home and family.
11. Browit: Teenagers and corporate workers who are enthusiastic about fashion and premium quality cosmetic products which help them achieve professional makeup look to boost confidence and self-esteem.
12. THA: Young men and women who are trendy, fashionable and looking for beauty products that provide care for 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.
- 2022 On 4 January 2022, Pa Donphutsa Co., Ltd. approved an increase of Baht 240 million in share capital of its company (2.4 million ordinary shares of Baht 100 each). After an increase in capital, the subsidiary has the registered share capital of Baht 260 million (2.6 million ordinary shares of Baht 100 each). On 18 January 2022, the subsidiary registered the increase of share capital with the Ministry of Commerce, and called for share subscription in full.

The Company paid Baht 206.4 million for the share capital increase (2.064 million shares of Baht 100 each) and non-controlling interests of the subsidiary paid a total of Baht 33.6 million for share capital increase (0.336 million shares of Baht 100 each). The Company still holds 86.00% in shares of this company.

On 14 November 2022, the Company’s Board of Directors passed a resolution to approve a sale of shares of Pa Donphutsa Co., Ltd. total 182,000 shares with a sale price of Baht 100 per share (Baht 18.2 million)

to two related persons. The number of shares sold represented 7.00% of the registered and paid-up capital of the subsidiary. After sale of such investment, the Company holds 79.00% in shares of this company and remains control over this subsidiary.

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

On 28 February 2022, KJF Global Co., Ltd. approved an increase of Baht 9 million in its share capital (90,000 ordinary shares of Baht 100 each). After the increase in capital, the subsidiary has the registered share capital of Baht 10 million (100,000 ordinary shares of Baht 100 each). The Company acquired shares of share increase and paid share subscription of Baht 4.1 million (41,000 ordinary shares of Baht 100 each). After the capital increase, the Company holds 51.00% in shares of this company and remains control over this subsidiary. The subsidiary registered the increase of its share capital with the Ministry of Commerce on 10 March 2022.

1.2 Nature of Business

1.2.1 Income structure

The Company had the Consumer Products Sales in 2020 – 2022 as follow:

Product	2022		2021		2020	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Consumer Products Sales Value						
1. Body care	242,167	12.67	166,169	12.78	167,183	12.62
2. Facial skin care	446,733	23.37	315,285	24.24	263,297	19.87
3. Cosmetics	1,019,858	53.35	668,670	51.42	764,337	57.69
4. Accessories	28,746	1.50	24,435	1.88	29,514	2.23
5. Furnitures and marketing tools and other	89,364	4.68	81,994	6.31	48,783	3.68
6. Supplemtarie	11,899	0.62	13,344	1.03	20,874	1.58
Total Consumer Products Sales Value	1,838,767	96.20	1,269,897	97.65	1,293,988	97.66
Income from warehouse rental	24,907	1.30	21,170	1.63	21,170	1.60
Gain (Loss) on fair value adjustment of investment properties	35,200	1.84	(700)	(0.05)	100	0.01
Share of gain (loss) from investments in joint venture and associate	1,104	0.06	464	0.04	(1,249)	(0.09)
Other income	11,482	0.60	9,622	0.74	10,956	0.83
Grand Total revenues	1,911,460	100.00	1,300,453	100.00	1,324,965	100.00
% Increased (decreased)		46.98		(1.85)		(13.16)

BRAND and PRODUCT Overview

“Unique Beauty Solution”

1.2.2 Products Overview

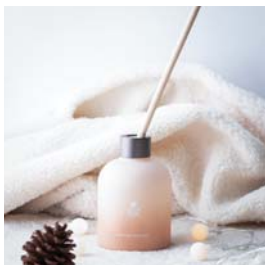
Riding on our distinguished slogan “Unique Beauty Solution”, KARMART continuously strives towards becoming a global beauty brand that caters to distinguished beauty preferences and needs of today's consumers. The Company takes pride in providing consistent, affordable and high-performance products to meet the diverse standards and demands of both domestic and international customers.

KARMART places a high priority on excellence by continuously studying and engaging its target consumer groups. By doing so, it is able to endlessly develop new ideas to improve existing products or introduce new innovations that meet the ever-evolving needs and demands of today's consumers.

The Company utilizes big data to track beauty trends in various regions, including Asia and Europe. Additionally, collaborations with international suppliers are established to adopt innovative cosmetic technologies which enable us to maintain product standards 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.

Finally, the Company guarantees the accuracy and effectiveness of every stage in the product development and manufacturing process, adhering to standards and regulations set forth by reputable research laboratories with which we closely collaborate. This in turn assures that our products are always safe to use and deliver tested-and-verified results before reaching the hands of customers.



1. Product Characteristics

KARMART offers a wide range of over 1,000 beauty products under our in-house brand names, as detailed below:

Cathy Doll

Just play it!

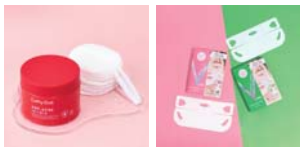
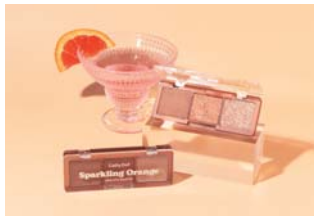


1.1 Cathy Doll: Just play it!

"Cathy Doll" is a signature brand of KARMART's that revolutionizes the beauty industry to fulfill varying beauty needs and preferences. The brand seeks to deliver maximum enjoyment and satisfaction with vivacious and unique beauty products that offer all-rounded beauty from head to toe. A leader of trendsetting innovation, the brand is well-suited for modern girls who pursue chic and edgy look filled with positivity, open-heartedness, a touch of playfulness yet adorable and charming, alike the playful personality of Cathy Doll, and motivates all girls to reveal 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

After more than a decade since first launched, Cathy Doll continues to evolve and expand its product lines to meet all customer needs. In the past year, the brand successfully launched several new products in the facial care category under the "Bright Up Series" to strengthen its leadership in product category related to skin brightening.



BABY BRIGHT

Gift from nature

1.2 Baby Bright: Gift from Nature

Pure natural powers from Jeju Island giving rise to miraculous skin and represent the gift from nature is the inspiration for the innovative skin care lines launched under "Baby Bright". An invaluable gift that pampers and nourish the skin through the combination of beauty secrets from nature, products under the brand also effectively revive the skin's glow and reveal supple and youthful appearance. All in all, this brand perfectly soothes the skin with mildness and offers gentle benefits to all skin types. Baby Bright offers a wide range of product choices as follows:

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

In 2022, Baby Bright brand teamed up with Thammachart Seafood Retail, an established Thai seafood importer for over 15 years, to develop Healthful Collagen Lip Tint. This is the first time in the Thai cosmetics industry that key ingredients, such as collagen from salmon and trout, were used to create a single beauty product which combines both beauty and natural ingredients. This not only expanded the brand's customer base, but also strengthens the Company's image as a beauty brand that prioritizes natural nourishment.





BOYA

PROFESSIONAL CARE

Professional care

1.3 Boya: Professional Care

Let 'BOYA' take you to the next level of professional skin care regimen, embracing you with new experiences of innovative and aesthetic beauty treatments that cater to all hair and body nourishment needs with nurturing extraction from Japan, creating inspiration for all to showcase beauty with confidence. The exclusively selected nutrients from superior flora and high technology gave rise to the creation of powerful treatments that effectively pamper one's body from head to toe, positioning the products as breakthroughs in skin care innovations which enable one to unveil healthy-looking complexion and hair with ideal and imperishable illuminating luminosity. Boya offers a wide range of products as follows:

- Body Care and Cleanser
- Hair Care



Jejuvita

“Beauty is Yummy”

1.4 Jejuvita: Beauty is yummy

Nutritious food is 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 supplements 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 and 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 consumers 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:

- Body Care
- Scented Products
- Hair Care

Over the past year, the popular brand maintained outstanding momentum in terms of product development and received excellent feedback from customers, particularly for its leadership in the fragrance sector. Moreover, the brand successfully expanded its product range to rise to become one of the top manufacturers of therapeutic fragrances.



CRAYON

Coloring your life

1.6 Crayon: Coloring your life

A professional makeup line with varieties of colors that offer exclusive shine in your style. The brand can transform a plain-looking middle-aged lady into a chic and modern lady in unique and professional ways. Allowing you to be confident with every movement and offering perfection, it also comes with lively colors to add excitement to monotonous life. Therefore, the brand attracts ladies who wish to have maximum enjoyment with its unique, outstanding and charming makeup line in the style of Crayon that offers you a colorful life.

- 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. Delicate floral and herbal fragrances as well as sophisticated packaging that provides luxurious visual sensation are some distinctive points of Cathy Choo which offers product choice as follows:

- Body Care
- Body Cleanser



SKYNLAB+

DERMATOLOGIC LABORATORIES

Special care for healthiness and wellness

1.8 SKYNLAB

With prime quality and advanced scientific formulation backed by premium laboratories, SKYNLAB seeks to provide luxurious oral wellness, special acne care targeted at sensitive skin and personal care among modern population. 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:

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

Besides its oral care and sensitive skin product lines, Skynlab understands the significance of creating products that cater to the “new normal” lifestyle and adapting to the COVID-19 situation. As a result, Skynlab came up with essential products that respond to the needs of everyday life, such as face masks and hand sanitizers. This development reflects the brand’s versatility to adjust to changing business climate and reflects the Company’s strategy to align all brands to ever-changing market needs.



Keumyon

Secret of Beautiful Hair

1.9 KEUMYON: Secret of Beautiful Hair

“Keumyon” is a specialty haircare brand that combines beauty secrets of classical Korean court ladies with advanced innovations of modern-day technologies to produce ultra-gentle & easy-to-use hair and scalp products for all women at affordable prices. This line of exquisite products is formulated with carefully selected nurturing agents that provide deep repair, reinforcement and restoration of hair’s strength, luster and shine. Set to deliver the ultimate haircare experience for everyone, Keumyon boosts of one’s self confidence and empowers users to stand out from the crowd. The brand offers product choices as follow:

- Hair-coloring product
- Hair care



7CLEAN

セブンクリーン

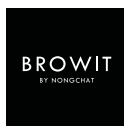
1.10 7CLEAN

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 household products and formulations in compliance with 7 key characteristics of the brand and has plans to launch new cleaning innovations in the near future.



Special Brand Project

1.11 Special Brands

Recognizing the positive impacts of co-branding, the Company has over 100 product offerings jointly developed with various partners.

1.11.1 BROWIT BY NONGCHAT : PROFESSIONAL BROW

Specializing in makeup products for eyes and brows, Browit is the ultimate cosmetic specialty brand created in collaboration with Mr. Chatchai Peangapichart, who is also known as "Nongchat", one of the most outstanding makeup artists in Thailand. Working alongside numerous Thai celebrities and super stars, Nongchat has translated his decade of rich experience and expertise in the beauty industry into easy-to-use eye and brow innovations, offering high performance and quality products at affordable prices with the goal of assisting modern ladies to achieve professional brows as though hand-drawn by himself! The brand provides a range of products, including:

- Brow and eye makeup product
- Beauty accessories

In the past year, the brand continuously developed and introduced to the market high-quality new products, receiving positive feedback and recognition from a growing customer base.





Special Brand Project

1.11.2 THA BY NONGCHAT: THA EVERYDAY GOOD EVERYDAY

Tha by Nongchat is yet another beauty brand that is jointly developed by Mr. Chatchai Peangapichart, who is also known as “Nongchat”, one of the most prominent Thai makeup artists, and KARMART, a leading beauty provider and household brand in Thailand. With a firm belief that natural goodness is the best for one’s skin, the brand offers a wonderful selection of nature-derived products that are free from harmful chemical components, making it a perfect fit for health-conscious ladies in search of cosmetic and skincare products to enhance their beauty naturally. The brand offers various product options as follows:

- Makeup product
- Skincare product and facial cleanser

Apart from Browit by Nongchat and THA by Nongchat, KARMART also collaborates with notable beauty specialists such as makeup artists and skincare influencers in Special Brand Projects to develop exclusive product lines, two of which are Purretty and J24. Purretty is an exemplary cosmetic brand customized for acne-prone and sensitive skin, meticulously created by KARMART along with Papim-Pim Maneethai, a beauty and self-care blogger with considerable expertise in skincare and makeup products, Fluke-Rapee Chusuwan, a professional beauty guru and makeup artist with vast experience with a myriad of luxury cosmetic brand, Dujreutai Santiwongsakul, a beauty editor at Sudsapda Magazine of more than 12 years and Prae Thayanuwattana, a beauty editor at HELLO! Magazine. Another unique brand co-developed by KARMART is J24, in collaboration with Ja-Natthaweeranuch Thongmee, Ph.D, also known as DJ Ja, a versatile actress, writer, model, host and university lecturer. Products under J24 are positioned as on-the-go beauty essentials which are convenient and suitable for travel and adventure enthusiasts.



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 stores and convenient locations in the heartlands. Some of the Company's existing partners in this segment include 7-Eleven, 24 Shopping, Family Mart, Jiffy, Big C Mini, Lotus Go Fresh, Tops Daily, CJ Express, Turtle Shop, Lawson108 etc.



1.2 Supermarket, Hypermarket and Discount Store

Listed under this category are retail megastores delivering 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, CJ Express, MaxValu, Makro etc.

1.3 Beauty Store

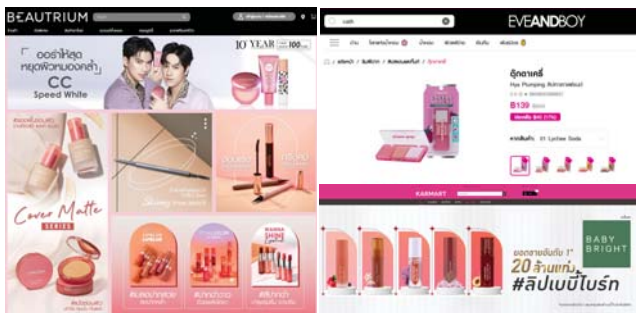
Focusing on consumables, pharmaceuticals, cosme-ceuticals, cosmetics, along with skin care and hair care products, beauty stores are obtaining popularity in view of their friendly services, convenient locations and up-to-date product offerings and can be considered as one of the high-potential sales channels exhibiting sustainable growth potential. In this segment, KARMART currently distributes through Watsons, Boots, Beautrium, EVEANDBOY, Tsuruha etc. We also distribute products in pharmacies such as I Care, 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

With a key emphasis on general consumers, unique products well suited to the mass markets are selected for publication and sales via catalogs such as 7-Catalog.



In 2022, modern trade remained a strong sales channel for generating continuous sales growth, as the COVID-19 situation improved significantly and resulted in consumers returning to offline channels to purchase products. On the overall, sales in 2022 significantly increased compared to 2021 for modern trade.



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

Referring to retailer that specializes in consumer beauty products and cosmetics, cosmetic shop offers both retail and wholesale distribution, making it an effective channel for reaching small, localized communities.

2.2 Localized Supermarket

Located in easily accessible community areas where people travel frequently, this category of channel has close connections to local consumers and understands their behaviors well, typically offering both consumer and non-consumer products.

2.3 Traditional-Turned-Online Grocery Store

2.4 Drug Store

Drug Store specializes in selling cosmetics and health products such as dietary supplements, as well as COVID-19 related items including face masks, hand sanitizer gel, and alcohol-based hand rubs.

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 2023, the Company plans to focus on expanding its distribution network to new distributors in each region, in order to increase the availability of products in local community stores. Currently, the Company has over 10 distributor stores and aims to increase this number, as well as the number of community stores. The Company also aims to expand its market share in mass products, with a focus on personal care products, to meet the needs of all consumers.

3. Karmart Shop

KARMART shop is an important channel for the company and serves to represent the overall corporate image and ensure 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 related to brand loyalty. Furthermore, the Company plans to implement a Customer Relationship Management (CRM) with the aim of not only maintaining existing customer base but also acquiring new ones.

In the previous year, the Company collaborated with various partners in different businesses, such as financial institutions, loyalty card programs, and other retailers such as bakeries and beverage shops, to expand its customer base and provide more exclusive benefits to its customers as a way of showing appreciation.

At present, there is a total of 18 KARMART shops nationwide, of which 17 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.

In 2022, the Company increased the number of Reunrom stores to 10. All such stores are operated as company-owned entities to increase efficiency in managing store and brand image, staff quality and product stock availability, as well as to respond quickly and effectively to customer 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. Business partners in export markets are generally divided into 3 groups: Sole Distributor, Distributor and Joint Venture Partner. Presently, KARMART has successfully secured 16 distributorships in overseas markets which are Malaysia, Vietnam, Myanmar, Laos, the Philippines, United Arab Emirates, Hongkong, Singapore, Taiwan, Japan, Kuwait, Iraq, Russia, Peru, and Bahrain. In addition to international distributors, the Company also sells products to agent stores located in border areas of Thailand in order to distribute products to agent stores in other countries. In 2022, The Company



KARMART SHOP MYANMAR



KARMART SHOP VIETNAM



KARMART SHOP INDONESIA



KARMART SHOP INDONESIA

successfully achieved its sales targets in Malaysia, Vietnam, Myanmar, Philippines, and Japan. 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 have gained ever-more recognition and appreciation among Kuwait's beauty enthusiasts and influencers than the previous year, and despite the unstable political situation in Myanmar, distribution and sales of products continued to achieve remarkable growth.

5. Online

In 2022, online channels continued to play a crucial role in conducting business, especially in the retail industry, as consumer behavior shifted significantly towards online shopping. Consumers continue to show increasing interest in purchasing products online, leading to the expansion of online channels in various forms of sales, including websites, marketplace platforms and social media platforms such as Line, Facebook, and Tiktok.

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



- 5.1 KARMARTOnline Store:
www.karmarts.com and www.reunrom.com
- 5.2 Social Commerce:
 - Line Official Account: @karmart, @karmarts_onlineshop, @reunrom_everyday, @jejuvita
 - Facebook / Instagram : Live shopping on Karmartsclub
 - Tiktok : Karmartsclub
- 5.3 Electronic Marketplaces:
 - Marketplace: Lazada, Shopee, JD Central, Central Online, NocNoc, Buzzebees
 - E-commerce partner: Konvy, ShopAt24 (Consignment) and such



In 2022, there was a notable expansion of sales volume across online marketplaces, as businesses sought to increase brand awareness and reach customers more effectively. Online channels have become increasingly important for retailers due to the growing trend of online shopping. As a result, many businesses expanded their online presence through various above-mentioned platforms. To that, KARMART launched an official store on Tiktok called “Karmartclub” to cater to customers’ needs by presenting products in the form of short video clips. This new platform allows the Company to create interesting content and conduct live product sales to engage with target audience.

3. Product Development and Sourcing

The Company employs a diverse range of product development and sourcing methods that strike a balance between quality and cost considerations. This approach helps to instill flexibility in the sourcing process, hence better enabling KARMART to meet consumer demands and respond to competition. As a result, product groups are able to achieve continuous growth over time.

The scope of product development and sourcing is generally divided into 4 parts as follow:

- 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 Packaging: The Company packages imported products in-house at its factory, in adherence to GMP quality standards for packaging control. It also sources differentiated packaging materials according to product specifications, enabling better management of costs of procurement and labor more effectively.
- 3.3 Semi-finished goods that are not fully assembled overseas and imported into Thailand to complete assembly or undergo separate GMP-certified packing process. The procurement of semi-finished goods may contribute to either reduction in cost of production or speed to market.
- 3.4 Self-manufactured goods that are locally produced at in-house manufacturing facilities to reduce importation expenses while maintaining effective utilization of production capacity. Self-manufactured goods may also better fulfill escalating expectations in today's competitive retail environment. The Company's manufacturing facilities are GMP ISO 22716 certified, ensuring that beauty products manufactured in-house are produced in compliance with international standard. The Company also possesses 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

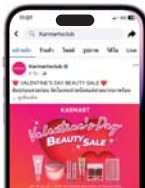
In today's "digital era", online media plays an ultimate role in shaping people's lives. The "New Normal" has also drastically changed the way we live, interact and consume. As a result, companies are constantly adapting to keep up with a fast-paced digital age. The shift to digital marketing is critical for companies to remain competitive and relevant in this rapidly changing landscape, and KARMART actively pursues the development of digital marketing plans, including the expansion of online communication channels and continuous enhancement of response time, thereby emerging as one of the leaders in digital beauty. Furthermore, the Company aims to reach out to every customer segment with its vast selection of brands and products, especially the mass market. It is therefore paramount that the Company integrates both offline and online channels effectively in order to achieve extensive business reach. A summary of communication channels adapted are as follows:

1. Online Media

In view of the communication mechanics in the modern digital age, online media, of which social media is the main focus, is the key communication channel as well as 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 2018, the Company regularly launches a diversified portfolio of online events, including Short Film Commercial, Product Review, Google and Facebook Ads, Facebook (Post and Story), Instagram (Post, Story and Reel), Twitter, Tiktok Post, and Livestream Shopping on our Facebook and Tiktok Pages (Karmartsclub). Moreover, the Company has also increased sales through retail functions tagged to such social media platforms and via influencer partnerships.

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

Facebook: Karmartsclub, Cathy Doll, Baby Bright, Jejuvita, Reunrom Everyday, Skynlab_Official
 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, tiktok-Jejuvita, Karmartsclub



www.karmarts.com

Facebook : Karmartsclub
 Instagram : Karmartsclub
 Line : @karmart
 Twitter : @karmartsclub
 Youtube : Karmarts Club

1.1 Influencer and Key Opinion Leader (KOL)

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



1.2 Online News

- News Pages on Facebook

1.3 Online Advertising

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

2. Offline Media

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

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 main types of the Point of Purchase materials used include Shelf Talker, Shelf Frame, Tent Card, Standee, X Banner Stand, Roll Up and Light Box etc.

2.2 Television (TV) Media

2.2.1 TV Commercial Spot

As one of the powerful mediums with extensive reach spanning across diverse demographic groups, TV Commercial (TVC) serves as a key communication tool employed by KARMART to enhance brand recognition both domestically and internationally. Thus far, the Company has utilized both Free TV and Digital TV channels such as 33 HD, 7HD, Thai Rath TV, Workpoint, Amarin TV, New18, ONE and GMM etc.

2.2.2 TV Program

VTR in-out / Product Placement / Logo End Credit / Logo on LED /TV-Moderator/ 5 -7 minute media interview are examples of modes of TV Program to showcase the Company's portfolio and its latest series of products and development.

2.3 Print Media

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

2.4 Out-of-home

The Out-of-Home Media was severely affected by the Covid-19 crisis as travel restrictions and physical distancing were implemented across the country; therefore, people were 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. In 2022, the Company reduced engagement of Out-of-Home media and placed its emphasis on digital media as a key tool to introduce and promote new products to target audience.



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



Cathy Doll Eau De Parfum & Perfume Lotion X Gull



Cathy Doll Speed White CC Cream



Cathy Doll Speed White CC Cream

3. Brand Ambassador/ Brand Presenter

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

CATHY DOLL

- Salpan – Jiraporn Buranapong** Representing Cathy Doll Ultra Light Sun Fluid SPF50 PA++++ and Cathy Doll Aqua Sun Non-Greasy Body Sun Serum SPF50 PA+++
- Gulf – Kanawat Traipattananong** Representing Cathy Doll Perfume and Cathy Doll Perfume Lotion
- Dew – Jirawat Sutvanisak** Representing Cathy Doll Bright Up Day Cream SPF15X50 Pure White, Cathy Doll Bright Up Sleeping Mask and Cathy Doll Bright Up Day Cream SPF15 and Bright Up Sleeping Mask
- Pu – Praya Lundberg** Representing Cathy Doll Whitamin C Spot Serum, Cathy Doll Whitamin C Day Cream, and Cathy Doll 15% 8HYA Ampoule
- Bright – Vachirawit Chivaaree** Representing Cathy Doll Cover Matte Foundation, Cathy Doll Cover Matte Powder Pact, and Cathy Doll Cover Matte Concealer
- Win – Metawin Opas-iamkajorn** Representing Cathy Doll Wanna Shine Lipstick, Cathy Doll Air Relax Lip Blur, Cathy Doll Hyaluron Lip Moist, Cathy Doll Vit C Water Tint, and Cathy Doll Skin Fit Jelly Blusher
- Ohm – Pawat Chittsawangdee**
Representing Cathy Doll Speed White CC Cream, Cathy Doll Speed White CC Powder Pact, and Cathy Doll CC Cushion Stick
- Nanon – Korapat Kirdpan**
Representing Cathy Doll Speed White CC Cream, Cathy Doll Speed White CC Powder Pact, and Cathy Doll CC Cushion Stick
- Bowky – Pitsinee Weerasuttimas** Representing color cosmetics category: Cathy Doll Cover Matte Foundation, Cathy Doll Cover Matte Concealer, Cathy Doll Cover Matte Powder Pact, Cathy Doll Cheers Around Trio Eye Palette, Cathy Doll Get Set Go Brow Cara, Cathy Doll Maximal Eye Liner, Cathy Doll Less is More Mascara, Cathy Doll Skin Fit Jelly Blusher, Cathy Doll Air Relax Lip Blur, and Cathy Doll Hyaluron Lip Moist



JEJU VITA

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



BABY BRIGHT

- **Krist – Perawat Sangpotirat** Representing Baby Bright Foundation and Pressed Powder Category: Baby Bright Watermelon & Tomato Matte BB Cream SPF45 PA++ Free Cover Concealer, Baby Bright Watermelon & Tomato Matte BB Cream SPF45 PA++, Baby Bright BB Watermelon Matte BB Powder, Baby Bright CC Plus Cream SPF45 PA++, and Baby Bright CC Vitamin C Powder Pact
- **Singto – Prachaya Ruangroj** Representing Baby Bright Aloe Vera & Fresh Collagen Eye Roller Serum, Baby Bright 5Hya & Peptide Firming Eye Roller Serum, Baby Bright Tomato & Gluta Bright Eye Roller Serum, Baby Bright Aloe Vera & Fresh Collagen Eye Mask Patch, Baby Bright 5Hya & Peptide Firming Eye Mask Patch, and Baby Bright Tomato & Gluta Eye Mask Patch
- **Baifern – Pimchanok Luwisadpalbul** Representing lipstick category: Baby Bright Mask Friendly Lip Tint, Baby Bright Fixing Proof Liquid Lip, Baby Bright Gentle Matte Collagen Lipstick, Baby Bright Lip & Cheek Matte Tint, Baby Bright Honey Tint Lip Treatment, Baby Bright Lip & Cheek Peach Glow Tint, Baby Bright Primer Powder Tint, and Baby Bright Juicy Tomato Water Gel Tint



4. Marketing Communication Activities

In 2022, the Company held the following major marketing campaigns and successfully re-established key connections with target groups during the opening up of the economy:

4.1 CATHY DOLL CC PRIVATE MEET WITH PECK PALITCHOKE Cathy Doll organized a successful event titled "CC Private Meet with Peck – Palitchoke Ayanaputra" on 18 January, 2022, at Crimson Room, Bangkok. The event was held to promote Cathy Doll Speed White CC Cream, Cathy Doll Speed White CC Powder Pact, and Cathy Doll CC Cushion Stick.



4.2 BABY BRIGHT X KRIST & SINGTO "NICE TO MISS YOU" On 22 January, 2023 at Berkeley Hotel Pratunam Hotel, the "Nice to MISS You" Event was held to promote the sales of Baby Bright Watermelon & Tomato Matte BB Cream SPF45 PA++ Free Creamy Concealer Matte, Baby Bright Watermelon & Tomato Matte BB Cream SPF45 PA++, Baby Bright BB Watermelon Matte BB Powder, Baby Bright CC Plus Cream SPF45 PA++, Baby Bright CC Vitamin C Powder Pact, Baby Bright Aloe Vera & Fresh Collagen Eye Roller Serum, Baby Bright 5Hya & Peptide Firming Eye Roller Serum, Baby Bright Tomato & Gluta Bright Eye Roller Serum, Baby Bright Aloe Vera & Fresh Collagen Eye Mask Patch, Baby Bright 5Hya & Peptide Firming Eye Mask Patch, Baby Bright Tomato & Gluta Eye Mask Patch. Graced by two of Thailand's most popular stars, Krist – Perawat Sangpotiratt and Singto – Prachaya Ruangroj, the event proved to be a great success.



4.3 CATHY DOLL VALENTINE | GULF U Also organized under Cathy Doll brand, the "Cathy Doll Valentine | Gulf U" event was part of a series of sales promotion and public relations events for the year. The event was graced by the charming and talented Gulf – Kanawut Traipattananpong on 13 February, 2022 at Hotel MUSE Bangkok Langsuan, leaving attendees with unforgettable memories and a newfound love for the brand.





4.4 **BABY BRIGHT X KRIST & SINGTO "SUNSHINE MAGICAL DAY"** Held on 5 March, 2022 at Holiday Bangkok Silom, the "Baby Bright x Krist & Singto "Sunshine Magical Day" event featured two exceptional stars: Krist – Perawat Sangpotiratt and Singto – Prachaya Ruangroj for the purpose of promoting the sales of Baby Bright products as follows: Baby Bright Watermelon & Tomato Matte BB Cream SPF45 PA++ Free Creamy Concealer Matte, Baby Bright Watermelon & Tomato Matte BB Cream SPF45 PA++, Baby Bright BB Watermelon Matte BB Powder, Baby Bright CC Plus Cream SPF45 PA++, Baby Bright CC Vitamin C Powder Pact, Baby Bright Aloe Vera & Fresh Collagen Eye Roller Serum, Baby Bright 5Hya & Peptide Firming Eye Roller Serum, Baby Bright Tomato & Gluta Bright Eye Roller Serum, Baby Bright Aloe Vera & Fresh Collagen Eye Mask Patch, Baby Bright 5Hya & Peptide Firming Eye Mask Patch, Baby Bright Tomato & Gluta Eye Mask Patch.



4.5 SP SAYPAN HAPPY SUMMER HOLIDAY

KARMART held a successful sales promotion for Cathy Doll Ultra Light Sun Fluid SPF50 PA++++, Cathy Doll Aqua Sun Non-Greasy Body Sun Serum SPF50 PA+++, and Jejuvita XStox Fiber Powder with Saypan- Jiraporn Buranapong, a famous blogger in Thailand on 25 – 27 March, 2022 at Hyatt Regency, Samui, leaving all participants well prepared for the scorching summer ahead!



4.6 CATHY DOLL GRAND LAUNCH 2022 10TH YEAR CELEBRATION

On 2 April 2022, Cathy Doll Grand Launch 2022 was held at River Park @ ICONSIAM and ended gracefully with precious memories thanks to the participation of multi-talented presenters: "Bright – Vachirawit Chivaaree", "Win – Metawin Opas-iamkajorn", "Dew – Jirawat sutivanichsak", "Gulf – Kanawut Traipattanaong", "Ohm – Pawat Chittsawangdee", "Nanon – Korapat Kirdpan", "Saipan – Jiraporn Buranapong", and "Boy – Pakom Chatborirak" as event guests, achieving the goal of promoting the sales of the following products: Cathy Doll Cover Matte Foundation, Cathy Doll Cover Matte Powder Pact, Cathy Doll Cover Matte Concealer, Cathy Doll Wanna Shine Lipstick, Cathy Doll Air Relax Lip Blur, Cathy Doll Hyaluron Lip Moist, Cathy Doll Vit C Water Tint, Cathy Doll Skin Fit Jelly Blusher, Cathy Doll Speed White CC Cream, Cathy Doll Speed White CC Powder Pact, Cathy Doll CC Cushion Stick, Cathy Doll Perfume, Cathy Doll Perfume Lotion, Cathy Doll Bright Up Day Cream SPF15 X50 Pure White, Cathy Doll Bright Up Sleeping Mask, Cathy Doll Bright Up Day Cream SPF15 and Bright Up Sleeping Mask, Cathy Doll Ultra Light Sun Fluid SPF50 PA++++, and Cathy Doll Aqua Sun Non Greasy Body Sun Serum SPF50 PA+++.



4.7 CATHY DOLL PRIVATE ROMANCE AT HUA HIN WITH BRIGHT-WIN On 14 May, 2022, Cathy Doll Private Romance was held at Baan Chok @ Baba Beach Club Hua Hin by Sri Panwa and brought to an end with priceless memories thanks to the participation of 2 charming princes: "Bright – Vachirawit Chivaaree" and "Win – Metawin Opas-iamkajorn". The event was part of a sales promotion on Cathy Doll Cover Matte Foundation, Cathy Doll Cover Matte Powder Pact, Cathy Doll Cover Matte Concealer, Cathy Doll Wanna Shine Lipstick, Cathy Doll Air Relax Lip Blur, Cathy Doll Hyaluron Lip Moist, Cathy Doll Vit C Water Tint, and Cathy Doll Skin Fit Jelly Blusher.



4.8 GULF X BEAUTY BARZAAR On 17 June, 2022, Cathy Doll hosted a meet-and-greet event with an honored guest, Gulf – Kanawat Traipattanapong, at Central Ladprao, with the aim of increasing the sales of and promoting Cathy Doll's line of fragrances, including Cathy Doll Perfume and Cathy Doll Perfume Lotion.



4.9 CATHY DOLL X EVEANDBOY WITH DEW JIRAWAT A collaboration with Eveandboy, one of the top Thai retail stores, this event was held on 1 July 2022 to promote Cathy Doll Bright Up Day Cream SPF15 X50 Pure White, Bright Up Sleeping Mask, and Bright Up Day Cream SPF15. at the Eveandboy Siam Square One Branch. The event was made even more special with the appearance of Dew - Jirawat Sutivanisak, a talented and popular actor in Thailand.



4.10 CATHY DOLL X BRIGHT-WIN "URBANIZE BEAUTY" AT MAHANAKHON CUBE Cathy Doll x Bright Win "Urbanize Beauty" came to a beautiful closure on 31 July, 2022 thanks to our 2 charming and endearing Cover Matte presenters: "Bright - Vachirawit Chivaaree" and "Win - Metawin Opas-iamkajorn". This event aimed to promote the sales of Cathy Doll Cover Matte Foundation, Cathy Doll Cover Matte Powder Pact, Cathy Doll Cover Matte Concealer, Cathy Doll Wanna Shine Lipstick, Cathy Doll Air Relax Lip Blur, Cathy Doll Hyaluron Lip Moist, Cathy Doll Vit C Water Tint, and Cathy Doll Skin Fit Jelly Blusher.



4.11 BABY BRIGHT “BEAUTY BLOOMING”

As part of a sales promotion for new Baby Bright color lipstick products, the Baby Bright Beauty Blooming Behind The Mask event was conducted on 5 August, 2022, with countless beautiful moments created thanks to our newest presenter: “Baifern – Pimchanok Luevisadpaibul” and our special guests: Nunew – Chawarin Perdpiriyawong & Zee – Pruk Panich.



4.12 BABY BRIGHT x ZEE-NUNEW “YOUR DREAMS BLOSSOM” On 5 August, 2022, the sales promotion event, BABY BRIGHT x ZEE-NUNEW “Your Dreams Blossom”, which features Zee – Pruk Panich and Nunew – Chawarin Perdpiriyawong, was held at True Icon Hall, 7th Floor, ICONSIAM. This event aimed to promote the sales of Baby Bright Duo Brow Pencil & Mascara as well as Baby Bright Trio Slim Lash Brow Cara & Eyeliner.



4.13 THAMMACHART SEAFOOD X BABY BRIGHT "EXCLUSIVE LUNCH OF MAGNIFICENT"

A signature collaboration to be commemorated, this event was held on 18 October, 2022, which marked the 15th anniversary celebration of Thammachart Seafood, at the Ground Floor Gourmet Market, Siam Paragon with NSC and Baby Bright, during which a new color lipstick product: Baby Bright Healthful Collagen Lip Tint 3in1 was launched. The event included honored guests, Plan – Rathavit Kijworalak, and various top-notch influencers in Thailand. Not only was the event graced by celebrities, it was also honored by Ton – Thitid Tassanakajohn from Le Du, one of the Michelin fine-dining restaurants, who created a new dish from Salmon and Fjord Trout imported from Norway as the main highlight of this event. Thanks to each and every honored guest, the event ended splendidly without a hitch.



4.14 CATHY DOLL X OHM & NANON LEOPARD PARTY

On 24 October, 2022, Cathy Doll x Ohm & Nanon Leopard Party took place at The Cassette Music Bar Ekamai along with the presence of our charismatic presenters: Ohm – Pawat Chittsawangdee and Nanon – Korapat Kirdpan, with the purpose of promoting Cathy Doll Speed White CC Series.



4.15 BABY BRIGHT X MISS GRAND INTERNATIONAL 2022 Held at MCC Hall, the Mall Bangkapi, this promotional event for Baby Bright's new line of lip products, Baby Bright X Miss Grand International 2022, concluded successfully on 14 November, 2022 with the charming presence of Miss Grand Thailand 2022, Engfa Waraha, who left everyone happy and satisfied to have witnessed the beauty of Thailand.



4.16 CATHY DOLL X BEAUTRIUM WITH PU PRAYA On 18 November, 2022, Praya Lundberg, presenter for Cathy Doll Whitamin C Series, made a special appearance at the Cathy Doll X BEAUTRIUM Year End Sale at Siam Square, Bangkok. During the event, she graced participants with giveaways of Cathy Doll Whitamin C Day Cream & Spot Serum as well as 15% 8 HYA Ampoule, and thanks to her striking beauty and influence, the event achieved great success and was filled with many unforgettable moments.



5. Assets for Business Undertaking

Attachment 4

6. Work – in – process

– None –

1.3 Shareholding Structure

1.3.1 Division of Business Operations of the Companies in the Group

Subsidiaries

J Kos Laboratories Co., Ltd.

On 12 July 2013, the Company invested in Tao Bao Co.,Ltd. with the original intent of it being a strategic enhancement to its online sales of cosmetics.

During the third quarter of 2014, Taobao Co., Ltd. changed its name to J Kos Laboratories Co., Ltd. and transformed its business type to a production enterprise that specializes in production and packaging cosmetics, perfumes, beauty tools and accessories of all kinds. The registered capital consisted of 2,000,000 ordinary shares with a par value of Baht 5 per share, totaling Baht 10,000,000. The Company fully paid for the purchase of 1,400,000 ordinary shares in J Kos Laboratories Co.,Ltd. at a price of Baht 5 per share, which is equivalent to 70% of the total issued shares at par value.

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

On 12 November 2021, the Company purchased another 22,000 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 Baht 100 per share, totaling investments at Baht 2.2 million as of 31 December, 2021. This purchase resulted in the Company holding a total of 172,000 shares, valued at Baht 18,700,000 and representing 86% of the total issued shares (with registered capital of Baht 20 million).

On 4 January 2022, Pa Donphutsa Co., Ltd. approved an increase of Baht 240 million in share capital (2.4 million ordinary shares of Baht 100 par value each). After the increase in capital, the subsidiary has total registered share capital of Baht 260 million (2.6 million ordinary shares of Baht 100 each). On 18 January 2022, the subsidiary registered the increase of share capital with the Ministry of Commerce and called for share subscription in full.

The Company paid Baht 206.4 million for the aforementioned share capital increase (2.064 million shares of Baht 100 each) and maintained a holding of 86.00% in Pa Donphutsa Co., Ltd.

On 14 November 2022, the Company's Board of Directors passed a resolution to approve a sale of 182,000 shares of Pa Donphutsa Co., Ltd. at the sale price of Baht 100 per share (aggregating Baht 18.2 million) to two related persons. The number of shares sold represented 7.00% of the registered and paid-up capital of the subsidiary. After the sale, the Company now holds 79.00% of shares in Pa Donphutsa Co., Ltd and retains control over this subsidiary.

KJF GLOBAL Co.,Ltd.

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

On 10 March, 2022, KJF GLOBAL Company Limited registered an increase of shares to a total of 100,000 shares at par value of Baht 100 per share, totaling Baht 10,000,000. The Company now holds 50,997 shares accounting for 50.99% of the registered capital following a few rounds of changes in shareholding and composition.

Associates**The Iconic Property Company Limited**

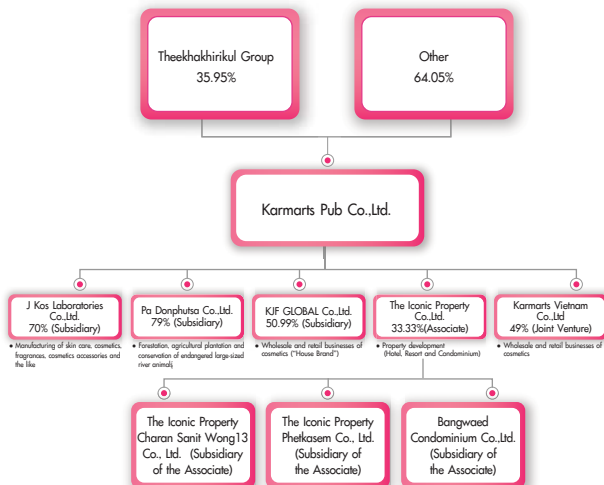
The Iconic Property Company Limited (The Iconic) operates in the property development industry (Hotel, Resort and Condominium) with a registered ordinary share capital of 21,309,000 shares at par value of Baht 10 per share, totaling Baht 213,090,000. The Company purchased 7,102,999 ordinary shares of The Iconic Property Co., Ltd. at the price of Baht 10 per share, totaling Baht 71,029,990, which is equivalent to 33.33 percent of the issued shares in 2016. In the same year, the said associate established 3 subsidiaries, namely The Iconic Property Charan Sanit Wong 13 Co.,Ltd., The Iconic Property Phetkasem Co.,Ltd. and Bangwaek Condominium Co.,Ltd., each with a registered ordinary share capital of 100,000 shares at par value of Baht 10 per share and totaling Baht 1 million in capital.

In 2020, The Iconic also established a new subsidiary named Pa Donphutsa Co.,Ltd with a registered capital of Baht 20,000,000, consisting of 200,000 common shares with a par value of Baht 100 per share, and fully paid-up. Further details on the subsidiary can also be found in above-mentioned Subsidiaries section.

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 invested an aggregate of USD 98,000 or approximately Baht 3.56 million for 49% of the issued and paid-up shares aggregating USD 200,000 in Karmarts Vietnam Company Limited. The Company recorded investment in Karmarts Vietnam Company Limited as an investment in joint venture since the investment date. On a related note, the operation period of Karmarts Vietnam Company Limited is set as 50 years, starting from the date of incorporation, 9 October, 2015.

Shareholding Diagram of The Group of Companies



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

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

1.3.2 Persons who may have Conflict of Interest

– None –

1.3.3 Shareholders Structure

List of 10 Major Shareholders of the Company as of 13 March 2023 as follow

Shareholders' name			Amount	%
1. Theekhakhirikul Group			316,348,874	35.949
Mr. Wiwat Theekhakhirikul	204,083,788	23.191		
Mr. Palkrit Teekhakhirikul	39,893,333	4.533		
Ms. Woramol Teekhakhirikul	35,935,733	4.084		
Mr. Parit Teekhakhirikul	33,025,200	3.753		
Mr. Wongwiwat Theekhakhirikul	2,184,620	0.248		
Ms. Narapan Theekhakhirikul	560,000	0.064		
Mr. Pongwiwat Theekhakhirikul	535,200	0.061		
Ms. Chonrada Theekhakhirikul	131,000	0.015		
2. Thai NVDR Co., Ltd			42,243,229	4.800
3. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH			30,649,733	3.483
4. UBS AG SINGAPORE BRANCH			30,000,000	3.409
5. Mr. Chalermdech Leewongcharoen			23,905,466	2.717
6. Mr. Thammarith Aeksamith			22,362,400	2.541
7. Mr. Aekkarith Aeksamith			15,206,933	1.728
8. Mr. Naphat Panchakunathorn			14,500,000	1.648
9. Mr. Piranart Chokwatana			13,063,000	1.484
10. PHILLIP SECURITIES PTE LTD.			10,000,000	1.136
11. Other			361,718,381	41.104
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.

1.4.1 Common Shares

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.

1.4.2 Other Shares with Different Terms or Rights from Common Shares

—None—

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

—None—

1.5 Issuance of other securities

On 22 April 2013, the Annual General Meeting of the shareholders passed a resolution to approve an increase of the registered share capital of the Company from Baht 360 million (600 million ordinary shares of Baht 0.60 each) to Baht 396 million (660 million ordinary shares of Baht 0.60 each) for the purpose of reserving 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

Karmarts

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.

Dividend Payment

	2020	2021	2022
Earnings per share (THB/Share)	0.15	0.33	0.37
Dividend per share (THB/share)	0.14	0.18	0.26
Dividend payout ratio (%)	113	48	65

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 2022, it was affirmed that the Company has an appropriate and adequate internal control system which promotes an effective and efficient management of the Company and its subsidiaries, protecting their assets and the shareholders' benefits as well as preventing the risk of corruption and bribery. The Company has a robust risk management process that consists of:

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

2.2 Risk Factors

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

1. Credit risk

The Group, 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.

2. Foreign Currency Risk

The Company and its subsidiaries are exposed to foreign currency risk arising mainly from trading transactions that are denominated in foreign currencies, more frequent than not which reference to United States Dollar USD, while selling all products in Thai Baht THB, thereby rendering exposure to exchange rate devaluation. However, total amount of bank overdrafts and short-term loans in both year 2022 and 2021 hover below USD 1.76, 3.77 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, 2022 was USD 1.76 million with an average exchange rate of 34.5624 Baht/USD. (2021: USD 3.70 million with an average exchange rate of 33.4159 Baht/USD)

3. Interest rate risk

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

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

Significant financial assets and liabilities classified by type of interest rates are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date (if this occurs before the maturity date). according to the financial statement remark No. 35.1: Interest rate risk.

4. Product Risk

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

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

5. Inventory Devaluation Risk

Demands and supplies of cosmetics and skincare products come with great volatility. In 2022 and 2021, the company held an average inventory of 21.67% and 19.45% of all assets respectively and has an average selling period of 92 days.

The company reserves devaluation of inventory aged between 1 - 3 years of Baht 11 million and another Baht 34 million for inventory aged more than 3 years. With constant sales and marketing clearance promotions, the company consistently ensures low risk in this aspect.

3. DRIVING BUSINESS VALUE THROUGH SUSTAINABILITY

3.1 Overall Policy

This Sustainability Development Report is prepared annually to discuss in details the performance of the Company during the past financial year in terms of policies and management relating to sustainable development. Sustainability aspects such as economic, social and environmental are herein covered and communicated to all stakeholders.

The Company holds in utmost priority corporate responsibility, 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, mass public 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 the 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, assuming 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 and coatings products, consumer safety, actual or potential impact on the communities and environment and compliance 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, social and environmental.

3.2 Management of Potential Impacts on Stakeholders in Value Chain

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 groundbreaking and 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.

3.2.1 Value Chain

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

- 1.1.1 Continuous assessment of Market Requirement and Analysis to stay afloat of changing consumer preferences

- 1.1.2 Research & Development
 - Design preliminary formula, carry out laboratory test and analyze test results
 - Apply on-site testing in production division
 - Finalize formula and production procedures to ensure supply meets market needs
- 1.1.3 Procurement
 - Procure raw materials in good quality and at efficient cost
 - Scrutinize order and manage storage and distribution of raw materials to production lines
- 1.1.4 Manufacture
 - Convert raw materials into products
 - Produce quality outputs through eco-friendly production process by leveraging innovation, technology and know-how
 - Enforce quality control
- 1.1.5 Marketing & Sales
 - Advertising, activities, sales promotion and provision of beauty advisors
 - Pricing
 - Distribution network expansion
 - On-time delivery
- 1.1.6 Provision of after-sales service, consulting service and know-how contents and/or experience sharing

3.2.2 Analysis of Stakeholder 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 operations subject to factors including dependency, responsibility, influence and other factors as deemed 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 as well as compliance with 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 establish and maintain relationships and manage stakeholders' expectations through survey, dialogue session and site visit etc

Stakeholder Engagement Frame Work

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

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

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

3.3 Environmental Sustainability

3.3.1 Environmental Policy and Practices

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

Creation of Green Culture

The Company 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 decorative and non-decorative 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 terms of participation in such activities 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;

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. Dissemination of information on such projects to everyone in the organization so that individuals render attention to environmental concerns in every business unit makes up an integral part of the corporate culture.

3.3.2 Environmental Outcome Management

1. 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.

Energy Policy

The Company 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 the previous year, the Company has continuously implemented energy conservation measures and engaged employees in energy management activities to promote energy awareness and conservation. In 2022, the total energy consumption was as follows:

(Unit : THB million)

Type	KMTH's Headquarter		Factory In Rayong Province		Total	
	2022	2021	2022	2021	2022	2021
Fuel cost	10.89	7.38	1.16	0.93	12.05	8.31
Electricity expense	5.39	4.37	2.28	1.76	7.67	6.13

2. 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, operational and administrative 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 on communities. At the same time, the Company takes a preemptive approach to prevent the risk of water shortage which may interrupt 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 2022, the Company spent a total of Baht 301,131.71 on water usage, which includes Baht 178,337.71 for office water and Baht 122,794 for factory water. This represents a 15.60% increase compared to the previous year, being increase of Baht 155,289.55 on office water and Baht 105,200 on factory water respectively.

3. Waste Management and Pollution Control

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

Waste Management Policy

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 2022, the amount of waste generated and disposed by the Company was 906,523 pieces and 583,720 kilograms, with a total value of Baht 8,163,796.

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 and 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. Green Culture Project

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 2022, the Company's canteen commenced the campaign by terminating the giving out of plastic bags and requiring its employees to use fabric bags in an effort to reduce plastic pollution.

Reuse of double-sided papers

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

3.4 Social Sustainability

3.4.1 Social Sustainability Policy and Practices

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

Employee and Labor Care

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

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 2022, the proportion of female top management (vice president ranking position and above) presented as 73%.
- **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 disabled persons as part of its diversified workforce. Applications for approval to hire person with disabilities under 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 opportunity to employees to elect members of the Employee Welfare Committee which 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 fair and equal treatment for all employees in terms of health, welfare, compensation and benefit. Presently, the employee welfare committee has been appointed for a 2-year tenure (February 26, 2020 – February 25, 2022).

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, and up-to-date and reliable recruiting tools and technology are also 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 supporting the Company's business continuation and growth.

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 fulfillment.

3. Employee Satisfaction and Attraction

To achieve organizational objectives and goals with the support of high potential employees, the Company established various policies to foster employee's satisfaction and attraction by offering opportunity to showcase capability, provide 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.

3.4.2 Performance

1. Employees and Labor Workforce

The Company adheres to human rights principles from hiring to employee care in order to create a sense of family and unity within the organization. In 2022, the Company carried out several key employee-centric initiatives including:

Opportunity for disabled persons

According to Section 33 regarding empowerment of persons with disabilities, employers shall employ them to work in suitable positions and enable access and utilization of facilities. The Company hired a total of 7 persons in 2022 and provided opportunity and support for their careers and overall well-being.

Detail	Numbers of Employees (Person)		Total
	Male	Female	
Employees	211	570	781
Employees with disabilities	4	3	7
Total	215	573	788

Recognition of long service

In 2022, the Company granted long-service awards to 86 employees to recognize their long periods of contribution and also express gratitude while encouraging them to continue dedicating themselves towards value creation for the Company. This made the employees proud of themselves and motivated them towards greater 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 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 attendance-taking. Moreover, the installation of alcohol-based hand sanitizers in all shuttle buses and the regular sanitization of said vehicles has been undertaken to promote hygiene and safety.

Employee Training and Development

In 2022, the Company provided training to employees to enhance their skills and potential in their respective job roles. On average, each employee received 2 hours of training and knowledge development per year.

Workplace Safety, Occupational Health, and Environment

In 2022, there were no cases of work-related injuries that led to work stoppage.

2. 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. Over the past decade, the Company consistently served communities through CSR activities by utilizing internal resources and through collaboration with external social entrepreneurs or any other entity, thereby creating a positive contribution to economic, environmental and social progress as well as securing long-term sustainability.

In 2022, the Company donated thousands of face masks and alcohol-based sanitizers on behalf of SKYNLAB, REUNROM and CATHY DOLL brands to charities and hospitals with the goal of preventing and mitigating the impact of COVID-19 as well as alleviating the stress of frontline medical professionals.



1. Sahathai Foundation 850/33 Sukhumvit 71 Rd., Vadhana, Bangkok 10110



2. The Center for the Protection of Children's Rights Foundation 979 Soi Charan Sanitwong 12, Wat Tha Phra, Bangkok Yai, Bangkok 10600



3. Foundation for Child Development 179 Moo 6 Soi Bearing 2, Samrong Nuea, Samut Prakan 10270



4. Heart Children Foundation under the Royal Patronage 50 Years Building, Soi Phetchaburi 47, Bang Kapi, Huai Khwang, Bangkok 10310



5. Baan Nekkamin Foundation (Bangkok) 89 Soi Seri Thai 17, Khlong Kum, Bueng Kum, Bangkok 10240



6. Association of the Physically Handicapped of Thailand Chaiyaphruek Rd., Khlong Phra Udom, Pak Kret, Nonthaburi 11120

3.5 Others

3.5.1 Fair Business Conduct

Guidelines to treat all stakeholders with fairness and 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 operates its business with fairness, honesty and transparency and therefore discloses material information based on accountability and auditability. In doing so, impacts on and benefits for shareholders, customers, business partners, employees and all stakeholders are jointly considered. The Board of Directors has also 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 across 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 law

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 maximal benefit. The Company communicates with all employees and stakeholders periodically to promote and educate responsible use of resources for the best-balanced benefit of the Company and ensure adequate awareness of resource management among related parties.

3.5.2 Anti-Corruption

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

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

4.1 Operational Performance and Financial Status

1. Operating Results for the year ending December 31, 2022

1.1 Total revenues

During 2022, the Company had total revenues of Baht 1,910 million which consisted of;

- Baht 1,839 million on Sales which increased by Baht 569 million or 44.80% from the previous year. The comprises of Baht 242 million on body care products, Baht 447 million on facial skin care products, Baht 1,020 million on cosmetics, Baht 29 million on accessories, Baht 89 million on furniture, marketing tools and other, Baht 12 million on supplementarie.
- Income from warehouse rental and warehouse services amounted to Baht 25 million increased from the last year. By Baht 4 million or 19.05% due to the adjustment of the area and the new rate.
- Gain on change in fair value of investment properties Baht 35.20 million increased from the last year Baht 35.90 million. The company its fair value has been determines based on the valuation by an independent valuer using the income approach.
- Other incomes totaled of Baht 11 million, increased from the previous year by Baht 1 million or 10.00% which comprises of gain on disperse of assets Baht 2 million and others of Baht 9 million

1.2 Cost of sales, Selling and administrative Expenses

During the year 2022, The Total Expenses was Baht 1,487 million which comprises of;

- Cost of sales amounted to Baht 954 million which increased from the previous year by Baht 281 million or 41.75%. The cost of sales is directly proportional to the Sales Revenue. The gross profit margin was 48.12% which was similar to the previous year.
- Cost of warehouse rentals and warehouse services were Baht 0.09 million.
- Selling and Administrative expenses totaled of Baht 531 million which increased from the previous year by Baht 73 million or 15.94% which consisted of the selling expenses increased by Baht 61 million in response to the market conditions. The administration expenses increased by Baht 12 million. Because loss on exchange by Baht 6 million, expenses under the contract by Baht 15 million.
- The subsidiary loss on diminution in value of properties transferred to investment properties By Baht 1.80 million increased from the last year by Baht 1.80 million.
- Share of gain from investments in joint venture and associate Baht 1.10 million increased from the last year Baht 0.64 million because associate gain performance
- Finance income amounted to Baht 0.38 million decreased from the previous year by Baht 0.41 million.
- Finance cost of the Company on the interest expenses totaled of Baht 15 million increased from the previous year Baht 7 million.
- Income tax expenses of Baht 85 million increased from the previous year by Baht 13 million or 18.05%.

1.3 Profit

During the year 2022, the Company had by Baht 327 million or 17.78% net profit of sales which decreased from the previous year 5.28%. In 2022, the Coronavirus situation has significantly improved, the Company has sale increased by Baht 569 million, but the selling expenses increased by Baht 61 million in response to the market conditions. Administrative expenses increased from the previous year by Baht 12 million due to an exchange loss of Baht 6 million and costs of joint operations of Baht 15 million. Finance cost increased from the last year by Baht 7 million, reaching a total of Baht 15 million.

1.4 Rate of Return on Equity

The business operation profit during the year 2022 resulted in the rate of return on equity at 26.62% in the previous year 27.21% 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, 2022.

1. Assets

1.1 Composition of Assets

The total assets at the year end 2022 was Baht 2,123 million which increased from the previous year by Baht 408 million or 23.79%.

1.1.1 Current Assets amounted to Baht 955 million, increased by Baht 97 million or 11.31% from the previous year. The details are as follows;

- Cash and cash equivalents of Baht 28 million which decreased from the previous year by Baht 124 million because Net cash from operating activities Baht 208 million, net cash used in investing activities Baht 210 million and net cash used in financing activities Baht 122 million.
- Trade accounts receivable and other account receivable at Baht 412 million, increased from the previous year by Baht 92 million or 28.75% as the Company had increased the sales due to the improvement of Coronavirus situation worldwide.
- Current portion of finance lease receivables and finance lease receivables — net of current portion Baht 11 million increased from the previous year Baht 5 million 83.33% because of the company make and additional rental contract.
- Inventory of Baht 460 million which comprises on consumer products and raw material which increased from the previous year by Baht 126 million or 37.72%
- Other Current Assets of Baht 51 million, increased from the previous year Baht 7 million of 15.91%.

1.1.2 Non-Current Asset amounted to Baht 1,168 million which increased by Baht 311 million or 36.29% from the previous year as follows;

- Investment in the associate of Baht 179 million, decreased from the previous year Baht 2 million or 1.10% because the Company records share of loss from investments in associate.
- Investment Properties was at Baht 454 million, increased from the previous year by Baht 332 million or 272.13% because the investment properties of the Company represent land and building used for providing warehouse service. Their fair value has been determined based on the valuations performed by an accredited independent valuer, using the income approach, and the subsidiary transfers properties to investment properties by Baht 297.20 million.
- Property, Plant and Equipment — net amounted to Baht 480 million with an increase from the previous year by Baht 13 million or 2.78% because the Company bought Land, Building and Building improvements and equipment by Baht 310 million, revaluations land increase by Baht 39 million, transfer to investment properties by Baht 297.20 million and depreciation for the year by Baht 38 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 25.15 million include land Baht 0.34 million building Baht 7.03 million motor vehicles Baht 17.78 million decreased from the previous year by Baht 3.40 million because of entering into building and vehicles lease agreement of Baht 12.69 million and depreciation for the year 2022 of Baht 15.73 million.

- Intangible Assets — net at Baht 0.55 million decreased from the previous year by Baht 0.88 million amortization during the year.
- Other Non-Current Assets was Baht 11 million equal to last year.

1.2 Quality of Assets

In 2022 trade and other receivables Baht 412 million or 19.41% of total assets. Account receivable average collection period was 75 days, decrease from the previous year 21 days. (96 days in 2021) due to the fact that the cash sales for consumer goods had increased on traditional 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 2022 non-collectible debt was budgeted at 3.79% of the outstanding account receivable at the year-end.

Inventories Baht 460 million or 21.67% of total assets. Average inventory turnover of 92 days decreased from the previous year 23 days (115 days in 2021).

Investment properties Baht 454 million or 21.38% 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 2022, the Company's net cash flows cash and cash equivalents was Baht 28 million, compared to 2021 which was Baht 152 million, decreased by Baht 124 million net cash from operating activities Baht 208 million, net cash used in investing activities Baht 210 million as the Company purchase of land equipment and intangible assets and acquisition of investment in subsidiaries, net cash used in financing activities Baht 122 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 2022 was 1.41:1 the Company's had cash and cash equivalents 1.32%, account receivables 19.41%, inventories 21.67% of total assets.

The company average debt collection period was between 75 days. Average inventory turnover of 92 days near 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 75 days while average account payment period was 141 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. Capital Expenditure

During the year, the Company's capital expenditures was mainly from land, assets under installation, construction in progress, and office equipment at Baht 310.05 million for supporting the business growth.

4. Sources of funds

4.1 Capital Structure

In 2022, debt/equity ratio was 0.58:1. The company had total liabilities Baht 758 million increased from the previous year Baht 204 million or 36.82% shareholder's equity of the company Baht 1,303 million increased from the previous Baht 149 million or 12.91%.

4.2 Shareholders' Equity

In 2022, shareholders' equity increased by Baht 149 million to Baht 1,303 million from the operating profit during the year of Baht 327 million while the dividend payment was Baht 211 million and other comprehensive income for the year Baht 33 million.

4.3 Liabilities

The Company's total liabilities was Baht 758 million, increased by Baht 204 million or 36.82% from the previous year.

Current Liabilities was Baht 679 million, increased by Baht 182 million or 36.62% from the previous year. The Details are as follows:

- Short-term loan from financial institutions was Baht 348 million, increased by Baht 185 million from the Company's promissory notes increased from the previous year Baht 57 million interest rate 5.25 – 5.58 short – term loans from financial institutions increased from the previous year Baht 128 million interest rate 2.55 – 5.85.
- Trade and other payables of Baht 206 million, increased by Baht 59 million.
- Short-term loan from related party amounted Baht 22 million decreased from the previous year by Baht 34 million or 60.71% because of the company repayment continuously.
- Current portion of Liabilities under financial lease agreements due within 1 year and Liabilities under financial lease agreements – net of current portion was Baht 28 million which increased by Baht 3 million or 12% due to entering into building and vehicle lease agreement in 2022.
- Income Tax Payable at Baht 47 million, decreased from the previous year of Baht 9 million due to the Company's increase in net profit and tax payment in the middle of 2022 more than the previous year.
- Other Current Liabilities was Baht 44 million decreased from the previous year of Baht 1 million or 2.22%.

Non-current liabilities was Baht 79 million, increased by Baht 22 million or 38.60% from the previous year. The Details are as follows:

- Provision had been made for long-term employee benefits of Baht 20 million, which increased from the previous year of Baht 3 million due to employee benefit according to TAS19 assessed by the actuary.
- Deferred Tax Liabilities at Baht 42 million, increased by Baht 16 million or 61.54% from surplus in fair value of investment properties by Baht 7 million and surplus on revaluation of land by Baht 8 million.

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

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

Main Factors	Action Plan
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.

4.3 Financial Information

(Unit : Thousand Baht)

Statement of financial position	Consolidated financial statements						Separate financial statements			
	31 December 2022	31 December 2021	31 December 2020				31 December 2022	31 December 2021	31 December 2020	
Current assets										
Cash and cash equivalents	27,691	151,635	8,85	9,200	0.61		12,822	148,590	9,48	79.14
Trade and other receivables	411,999	320,131	18,67	32,330	21.26		423,278	328,300	20.94	330.321
Current portion of lease receivables	4,153	4,063	0.24	4,210	0.28		5,829	4,147	0.26	42.10
Short-term loans to related party	—	—	—	—	—		—	21,000	1.34	—
Short-term loans to non-related party	—	4,000	0.23	—	—		38,000	—	4,000	0.26
Current portion of long-term loans to related parties	—	—	—	1,050	0.07		—	—	—	1,080
Inventories	460,041	21,67	333,569	19,45	327,947	21.56	440,210	22,71	318,102	20.28
Corporate income tax refundable	35	0.00	302	0.02	—		—	—	—	310,998
Other current assets	51,278	2,42	43,807	2,55	36,711	2.41	50,867	262	43,706	2.79
Total current assets	955,137	45,00	857,707	50,02	702,538	48.19	971,006	867,845	55.34	691,191

(Unit : Thousand Baht)

Statement of financial position (continued) Assets	Consolidated financial statements				Separate financial statements			
	31 December 2022	31 December 2021	31 December 2020	%	31 December 2022	31 December 2021	31 December 2020	%
	%	%	%		%	%	%	
Non-current assets								
Lease receivables – net of current portion	6,753	0.32	2,288	0.13	6,292	0.41	11,429	0.59
Long-term loans to related party	-	-	-	-	-	-	-	-
– net of current portion	-	-	-	-	-	-	-	-
Other non-current financial assets	-	-	-	-	-	-	-	-
Investments in joint venture	3,410	0.16	421	0.02	500	0.03	-	-
Investments in associate	178,799	8.42	180,696	10.54	186,740	12.48	71,030	3.66
Investments in subsidiaries	-	-	-	-	-	-	218,877	11.29
Investment properties	454,108	21.39	121,700	7.10	122,400	8.05	156,900	8.09
Deposits for purchase of land	-	-	35,939	2.10	-	-	-	-
Property, plant and equipment	479,574	22.59	466,533	27.21	443,127	29.14	465,210	24.00
Land held for development	8,284	0.39	8,284	0.48	8,284	0.55	8,284	0.43
Right-of-use assets	25,151	1.18	26,580	1.67	25,282	1.66	25,065	1.29
Intangible assets	552	0.03	1,495	0.08	2,002	0.13	552	0.03
Deferred tax assets	293	0.01	167	0.01	-	-	-	-
Other non-current assets	10,558	0.50	11,089	0.66	11,370	0.75	9,804	0.51
Total non-current assets	1,167,592	55.00	957,122	49.88	918,295	53.81	987,261	49.90
Total assets	2,122,719	100.00	1,714,829	100.00	1,820,793	100.00	1,998,257	100.00

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(Unit : Thousand Baht)

Statement of financial position (continued) Liabilities and shareholders' equity	Consolidated financial statements				Separate financial statements			
	31 December 2022	31 December 2021	31 December 2020		31 December 2022	31 December 2021	31 December 2020	
	%	%	%	%	%	%	%	%
Shareholders' equity								
Share capital								
Registered	528,000	528,000	528,000		528,000	528,000	528,000	
880,000,000 ordinary shares of Baht 0.60 each								
Issued and paid up	527,999	527,999	527,999	34.72	527,999	527,999	527,999	38.02
879,999,016 ordinary shares of Baht 0.60 each								
Share premium	88,397	88,397	88,397	5.81	88,397	88,397	88,397	6.37
Surplus from capital reduction	15,267	15,267	15,267	1.00	15,267	15,267	15,267	1.10
Share premium (discount) on changes in proportion of investment in subsidiary	135	(424)	—	—	—	—	—	—
Retained earnings								
Appropriated – statutory reserve	52,800	52,800	52,800	3.47	52,800	52,800	52,800	3.80
Unappropriated	5,148,852	399,050	23,277	243.635	16,027	401,779	285,070	18.18
Other components of shareholders' equity	103,402	487	70,741	4.65	103,530	70,788	70,788	5.10
Equity attributable to owners of the Company	1,302,851	61,381	67,281	998.839	65,671	1,040,321	864,405	62.24
Non-controlling interests of the subsidiaries	61,944	2,027	7,407	0.43	—	—	—	—
Total shareholders' equity	1,364,796	64,299	1,161,188	67.71	1,007,017	1,040,321	864,405	62.24
Total liabilities and shareholders' equity	21,227,719	100,000	1,714,859	100.00	1,988,257	1,568,174	1,388,737	100.00

FINANCIAL AND OPERATING RESULTS ANALYSIS (MD&A)
56-1 One Report ANNUAL REPORT 2022

Statement of cash flows	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2020
Cash flows from operating activities				
Profit before tax	409,906	364,995	412,124	161,679
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	54,021	49,288	49,195	53,279
Loss on diminution in value of properties transferred to investment properties	1,803	-	-	-
Loss (gain) on change in fair value of investment properties	(35,200)	700	(35,200)	700
Loss on expected credit losses (reversal)	802	(4,116)	712	(100)
Loss on reducing cost of inventories to net realisable value	4,365	637	3,817	10,630
Unrealised loss on exchange	21,747	20,202	21,747	2,826
Written off of equipment and intangible assets	1,241	12,515	1,204	17,687
Gain on disposal of equipment	(1,978)	(850)	(2,076)	(459)
Loss (gain) on disposal of investments in equity instruments	(435)	134	(435)	805
Loss on sale of investment in subsidiary	-	-	122	-
Excess of purchase price over net asset of investments in subsidiary	26	4,388	-	-
Interest income	(86)	(309)	(580)	(319)
Dividend income	-	(247)	-	(225)
Long-term employee benefits expense	3,551	4,066	3,472	3,452
Interest expenses	13,240	6,559	13,171	9,248
Share of loss (profit) from investments in joint venture and associate	(1,105)	(464)	-	-
Profit from operating activities before changes in operating assets and liabilities	471,896	457,428	467,274	253,646

Statement of cash flows (continued)	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2020
Operating assets (increase) decrease				
Trade and other receivables	(92,805)	7,419	(95,826)	60,203
Lease receivables	(4,555)	4,151	(10,646)	851
Inventories	(130,837)	(6,091)	(125,925)	(5,188)
Other current assets	(7,467)	(6,859)	(7,161)	4,210
Other non-current assets	430	5,299	336	(264)
Operating liabilities increase (decrease)				
Trade and other payables	57,903	(5,504)	58,392	(10,202)
Other current liabilities	(767)	13,186	(1,472)	13,330
Cash from operating activities	239,799	472,029	284,974	298,980
Cash paid for income tax	(85,790)	(36,602)	(85,639)	(47,603)
Cash paid for long-term employee benefits	(232)	(2,383)	(232)	(2,383)
Net cash from operating activities	207,777	433,044	199,103	249,463
Cash flows from investing activities				
Interest income	223	205	716	309
Dividend received	—	9,765	—	225
Acquisition of investments in subsidiary	(3,200)	(16,500)	(213,700)	—
Cash from disposal of investment in subsidiary	—	—	18,200	—
Net cash from acquisition of the subsidiary	21	3,307	—	—
Increase in short-term loans to related party	—	—	(17,000)	—
Decrease (increase) in short-term loans to unrelated party	4,000	(4,000)	4,000	(4,000)

(Unit : Thousand Baht)

Statement of cash flows (continued)	Consolidated financial statements			Separate financial statements		
	31 December 2022	31 December 2021	31 December 2020	31 December 2022	31 December 2021	31 December 2020
Decrease in long-term loans to related party	1,000	2,337	936	—	2,337	936
Proceeds from disposal of equipment	3,128	1,782	3,135	3,296	2,141	3,568
Proceeds from disposal of investments in equity instruments	6,740	10,685	26,147	6,740	10,685	26,147
Acquisition of investments in equity instruments	(6,305)	(10,819)	(26,952)	(6,305)	(10,819)	(26,952)
Deposits paid for purchase of land	—	(35,739)	—	—	—	—
Acquisition of land, equipment and intangible assets	(272,092)	(40,250)	(42,420)	(28,693)	(39,029)	(39,854)
Cash received from non-controlling interests of the subsidiary from capital increase	38,500	—	—	—	—	—
Cash received from non-controlling interests of the subsidiary from sale of investment in subsidiary	17,763	—	—	—	—	—
Net cash used in investing activities	(210,222)	(79,227)	(38,600)	(232,746)	(59,149)	(35,021)
Cash flows from financing activities						
Increase (decrease) short-term loans from financial institutions	164,112	(38,882)	(30,468)	164,112	(38,882)	(30,468)
Increase (decrease) in short-term loans from related parties and persons	(34,032)	10,332	—	(17,700)	(4,000)	—
Cash paid for settlements of leases	(11,671)	(16,308)	(15,314)	(8,700)	(15,914)	(15,195)
Decrease in long-term loans from financial institution	(16,410)	(17,014)	(16,354)	(16,410)	(17,014)	(16,354)
Interest paid	(12,560)	(5,571)	(7,877)	(12,228)	(5,543)	(7,877)
Dividend paid	(211,198)	(140,797)	(149,598)	(211,198)	(140,797)	(149,598)
Dividend paid by the subsidiary to non-controlling interests	—	(3,000)	—	—	—	—
Net cash used in financing activities	(121,759)	(211,240)	(219,611)	(192,124)	(222,150)	(219,492)
Net increase (decrease) in cash and cash equivalents	(124,205)	142,576	(6,890)	(135,769)	140,675	(5,650)
Cash and cash equivalents at beginning of year	151,895	9,259	16,089	148,590	7,914	13,564
Cash and cash equivalents at end of year	27,690	151,835	9,259	12,821	148,599	7,914

Statement of cash flows (continued)	(Unit : Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	31 December 2022	31 December 2021	31 December 2020	31 December 2022	31 December 2021	31 December 2020
Supplemental cash flows information: -						
Non-cash transactions: -						
Payables for acquisition of equipment and intangible assets	-	1,432	817	-	1,432	817
Increase in lease liabilities	960	15,469	3,777	960	15,469	3,777
Transfer of equipment to inventories	-	168	492	-	168	485
Decrease in right-of-use assets from lease modification	-	1,922	-	-	1,922	-
Actuarial gain	-	4,374	-	-	3,710	-
Share subscription payable from investments in subsidiary	-	2,200	-	-	2,200	-
Surplus on revaluation of assets	40,928	-	-	40,928	-	-
Transfer of properties available for use to investment properties	297,208	-	-	-	-	-

Financial Ratio

RATIO	Consolidated financial statements			Separate financial statements		
	2022	2021	2020	2022	2021	2020
Liquidity Ratio						
Current Ratio (times)	1.41	1.73	1.61	1.45	1.84	1.54
Quick Ratio (times)	0.66	0.96	0.78	0.68	1.03	0.78
Operating Cash Flows Ratio (times)	0.35	0.93	0.55	0.35	0.92	0.53
Account Receivable Turnover (times)	4.82	3.75	3.41	4.92	3.82	3.53
Average Collection Period (Day)	75	96	106	73	94	102
Inventory Turnover (times)	3.92	3.12	2.91	4.35	3.42	3.41
Average Sales Period (Day)	92	115	124	83	105	106
Account Payable Turnover (times)	2.56	2.34	2.11	2.80	2.50	2.38
Average Payment Period (Day)	141	154	171	129	144	151
CASH CYCLE (Day)	26	58	59	27	57	57
Profitability Ratio						
Gross Profit Margin (%)	48.09	47.01	50.68	45.04	44.19	45.32
Operating Profit (Loss) Margin (%)	17.78	23.06	10.26	17.03	23.70	9.47
Other Profit (Loss) Margin (%)	7.58	10.95	9.94	6.97	8.90	8.81
Cash to Net Profit Ratio (%)	63.54	147.86	189.27	60.72	134.50	192.93
Net Profit (Loss) Margin (%)	17.12	19.48	10.02	16.39	19.86	9.17
Return on Equity – ROE (%)	26.62	27.21	13.19	29.41	32.94	14.79
Efficiency Ratio						
Return On Assets (ROA) (%)	17.04	18.10	8.55	18.70	21.22	9.08
Return On Fixed Assets (%)	46.36	54.23	28.27	60.61	61.20	27.62
Total Asset Turnover (times)	1.00	0.93	0.85	1.14	1.07	0.99
Financial Policy Ratio						
Debt to Equity Ratio (D/E Ratio) (times)	0.58	0.48	0.51	0.63	0.51	0.61
Dividend Pay-Out Ratio (%)	64.59	48.07	113	64.41	44.88	116

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	Mr. Chayapol Suppasetanon Certified Public Accountant No. 3972 EY Office Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110

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 24 May 2018, out of which a judgement was issued by the Court of Appeal for Specialized Cases on 25 March 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.

On 21 August 2022, a warehousing and logistics management service provider filed a lawsuit against the Company with the Civil Court, demanding payment for damages of Baht 43.36 million because the Company did not pay for warehouse service payables for the period from April 2021 to September 2021 and damages arising from the unlawful termination of the agreement. Subsequently on 31 August 2022, the Company filed a testimony and counterclaim on the grounds demanding payment for damages of Baht 30.61 million because the Company did not breach the agreement. Currently, mediation for the lawsuit is being scheduled. The management believes that the Company is unlikely to pay for damages of material amount. Therefore, the Company does not record an additional provision for contingent liabilities arising from such litigation except the related service fee previously recorded of Baht 2.3 million in 2021

5.3 Secondary Market —None—

5.4 Regularly Contacted Financial Institutions —None—

BOARD OF DIRECTORS' MESSAGE

Greetings to all shareholders. 2022 undoubtedly presented itself as a year of hope, with majority of the world bouncing back from the downs associated with prolonged years of Covid-19 outbreaks. Being one of the first economies worldwide to open itself to tourists and business travelers through spearheading sandbox programs, Thailand achieved an annual economic growth of 2.6% in 2022 to arrive at THB 17.4 trillion (495 billion US dollars) Gross Domestic Product as opposed to a 1.5% growth in 2021. The favorable result was driven by both a recovery of tourism and improvement in domestic demand. Private consumption expenditure produced an especially strong increase of 5.7% in the past year and brought along with it a boost of sales in KARMART's beauty business, an integral part of personal care and consumption.

Despite having commentaries described Thailand as "approaching a historic turning point amid political uncertainties"¹ in 2022, domestic environment within the kingdom was generally stable in the past year, thereby leading to improved consumer confidence. This is as opposed to the still-ongoing war between Russia and Ukraine which set the stage for worldwide inflation and eventually led to the worse inflation witnessed in decades. In Thailand itself, headline inflation hit a 24-year high of 6.08% in 2022, with the core rate at 2.51%². With that, every aspect of a business becomes more expensive, and cost and expenditure control surfaced as the top priority of the management team.

With seizure of blooming sales opportunities and management of inflated expenses hanging on both critical ends, the Company achieved total Operating Revenue of THB 1,910 million for the past fiscal year, which represents an increase of 27.08% from 2021. Net Profit attained stood at 17.12% or THB 327 million, representing a YoY increase of 11.60%. Along with the recovering economy came total dividend payout totaling THB 228.80 million or THB 0.26 per share. Return-on-Equity Ratio was concluded at 26.62% whereas Return-on-Asset ratio recorded 17.04%. Retained Earnings presented a healthy standing of THB 515 million, once again affirming KARMART as a preferred choice on the Stock Exchange of Thailand.

Last but not least, on behalf of the Board of Directors, I would like to express my sincere gratitude towards all stakeholders, with special emphasis on all staff, for having stood by us and finally braved through the storms that presented major challenges in the past three years. The KARMART team is committed to charge forward with our all to replicate greater success in the year ahead and we invite you to witness our impending advancement towards the Company's vision of becoming one of the leading branded beauty providers for everyone worldwide.

Board of Directors
Karmarts Public Company Limited

Reference

¹<https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/2022-83-thailand-approaches-an-historic-turning-point-amid-political-uncertainties-by-termsak-chalermpanupap/>

²<https://www.reuters.com/markets/asia/thai-headline-cpi-up-502-yy-jan-below-forecast-2023-02-06/#:~:text=In%202022%2C%20headline%20inflation%20hit,the%20core%20rate%20at%202.51%25.>

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. In 2022, the Board held a total of 5 regular meetings.

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 Puttithorn Jirayus, Ph.D. were appointed to hold Audit Committee Director positions.

Throughout 2022, 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

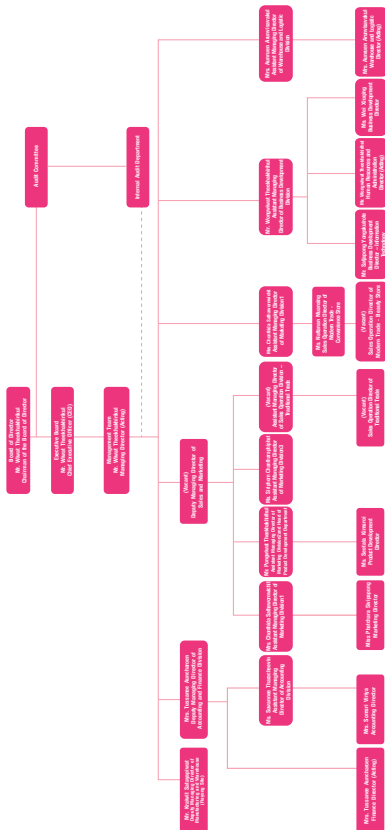
The Company is of the opinion that all board members and management executives have strong ethical standards and do not misuse any internal and proprietary information for personal benefits. With penalty being an ineffective control mechanic which focuses only on passive post-event actions, the Company 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. Corporate Governance Structure and Important Information about Directors, Sub-committees, Executives, Employees and Others

7.1 Corporate Governance Structure

The Company's management structure as at December 31, 2022 consists of the Board of Directors, Audit Committee and Executives (The Company has no other subsidiary Board of Directors)



7.2 Information on Directors

7.2.1 Composition of the Board of Directors

The Board of Directors as at December 31, 2022 consists of 9 members as follows:

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

Ratio of Types of Directors

	Number (Person)	Proportion (%)
Executive Directors	3	33.33
Non – Executive Directors	3	33.33
Independent Directors	3	33.34
Total	9	100.00

7.2.2 Information on the Board and Authorized Directors

No.	Name	Position	Date of Appointment
1	Mr. Wiwat Theekhakhrinikul*	Chairman of the Board, Chief Executive Officer and Managing Director (Acting)	April 22, 2021 (Agenda 5)
2	Lt.Gen. Kobboon Vichit	Independent Director and Chairman of the Audit Committee	May 5, 2020 (Agenda 5)
3	Mr. Kraiwit Satayapiwat*	Director	April 22, 2021 (Agenda 5)
4	Mr. Prasit Dheeraratbongkot	Independent Director and Audit Committee	April 25, 2022 (Agenda 5)
5	Puttithom Jirayus, Ph.D	Independent Director and Audit Committee	April 25, 2022 (Agenda 5)
6	Mr. Parit Teekakirikul	Director	April 25, 2022 (Agenda 5)
7	Mr. Wongwiwat Theekhakhrinikul*	Director	May 5, 2020 (Agenda 5)
8	Mr. Seah Sin Loo	Director	May 5, 2020 (Agenda 5)
9	Mr. Kattananat Yaphanich	Director	April 22, 2021 (Agenda 5)

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

7.2.3 Authorities, Duties and Responsibilities of the Board

Board of Directors — Roles and Responsibilities

The Board of Directors comprises 9 members assigned to supervise the operation of management division to ensure compliance with Laws and Regulations, Objective and Articles of Associations of the Company and shareholders' resolutions. It also oversees and safeguards that work executed by management division are done with rectitude, honesty and preserve the best of the Company's interests.

Authorized Directors

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

Appointment and Removal of Company Directors

1. The Company's directors are elected through the shareholders' meeting, with a minimum of 5 directors, and at least half of the total number of directors residing in the Kingdom of Thailand. Currently, there are 9 directors, with 8 residing in the country.
2. The Company's directors are also elected according to the following protocol:
 - 2.1 Each shareholder is entitled to one vote per share.
 - 2.2 The election of directors may be conducted by a show of hands for individual candidates or a slate of candidates, or by any other method deemed appropriate during the shareholders' meeting. However, in each vote, shareholders must cast all of their votes for one candidate or slate, and the votes will be tallied to determine the outcome.
 - 2.3 In the election of Board of Directors, votes shall be casted by the shareholders using majority vote system. In case of a tie, the chairman of the meeting shall have the deciding vote.
3. At each annual general meeting, one-third of the directors must retire from office. If the number of directors to be retired is not a multiple of three, then the number nearest to one-third must retire. Directors who have been in office for the longest period of time must retire first, and in case of a tie, they will draw lots to determine who will retire. Retiring directors may however be re-elected.
4. In addition to the expiration of the term, directors may be removed from their positions in the following circumstances:
 - 4.1 Death
 - 4.2 Resignation
 - 4.3 Disqualification or prohibition by law from serving as a director of a public limited company
 - 4.4 Resolution by the shareholders' meeting to remove them under Section 27.
 - 4.5 Court order
5. Any director who wishes to resign from their position must submit a letter of resignation to the Company. Resignation will take immediate effect from the date the letter of resignation is received by the Company. A director who resigns during an ongoing term shall notify the registrar of their resignation.
6. In the event that a director's position becomes vacant for any reason other than upon expiry of directorial term, the board may elect a qualified and non-disqualifying person to serve as a director in the vacant position, in accordance with the laws governing public limited companies. The person who is elected as a director to fill the vacancy shall hold office only for the remaining term of the director they replace. The election of a director to fill a vacancy must be approved by a vote of not less than three out of four of the remaining directors, unless the remaining term of the director to be replaced is less than two months.

7. At the shareholders' meeting, a resolution may be passed to remove any director from their position before the end of their term, provided that the vote in favor is not less than three out of four of the total number of shareholders present and entitled to vote, and the total number of shares represented at the meeting is not less than one-half of the total number of shares held by the shareholders present and entitled to vote.

8. In the event that the entire Board of Directors is removed from their positions, the outgoing Board of Directors must continue to carry out the necessary business of the Company until a new Board of Directors takes over, unless otherwise ordered by a court. In the case of directors being removed from their positions under section 4.5, a meeting of shareholders must be held within one month from the date of the removal, and notice of the meeting must be given to the shareholders not less than 14 days before the meeting.

9. If there are fewer directors remaining than the number required for a quorum, the remaining directors may act only to convene a meeting of shareholders to elect new directors to fill all necessary vacancies. The first meeting must be held within one month from the date on which the number of directors falls below the quorum, and any person appointed to fill a vacancy shall hold office only for the remainder of the term in place of the director being replaced.

7.3 Information on Company Committees

Committees as follows:

1. Audit Committee

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

The Company's Board of Directors approved the establishment of the Audit Committee on January 20, 2012, which currently comprises three members who possess the qualifications required by the Securities and Exchange Laws as of December 31, 2022. They are also jointly supported by a Secretary to the committee as per listing below.

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

Audit Committee — Roles & Responsibilities

The Audit Committee comprises 3 independent directors all of whom, with vast years of 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 the 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 the Audit Committee report that becomes an integral part of Annual Report as well as Official and Company's Regulations.

2. Executive Committee

The Executive Committee consists of 3 members as follows:

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

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.

7.4 Management

7.4.1 Management Team

As of December 31, 2022, the Company has in place 15 persons as follow in the top management team:

Name	Position
1. Mr. Wiwat Theekhakhirikul	Managing Director (Acting)
2. Mr. Kraiwit Satayapiwat	Deputy Managing Director of Manufacturing and Warehouse (Rayong Site)
3. Mrs. Tussanee Auncharoen	Deputy Managing Director of Accounting and Finance Division
4. Mr. Wongwiwat Theekhakhirikul	Assistant Managing Director of Business Development Division
5. Mrs. Chonthida Sathawornwicheit	Assistant Managing Director of Marketing Division 1
6. Miss.Suwannee Tharacheevin	Assistant Managing Director of Accounting Division
7. Mrs. Aunruen Arunvisavakul	Assistant Managing Director of Warehouse and Logistic Division
8. Mr. Pongwiwat Theekhakhirikul	Assistant Managing Director of Marketing Division2 and Head of Product Development Department
9. Miss.Siriphom Chantharaphiphat	Assistant Managing Director of Marketing Division 3
10. Mrs. Somsri Viriya	Accounting Director
11. Mr. Satjapong Yongskulrote	Business Development Director – Information Technology
12. Ms. Wei Xiuling (Kat)	Business Development Director
13. MissNattanan Muansing	Sales Operation Director of Modern Trade – Convenience Store
14. MissPhatchara Sivipapong	Marketing Director
15. MissSeetala Kimsroi	Product Development Director

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 effect business growth and provide maximum benefits for stakeholders. The Managing Director is therefore empowered to appoint Management Team to effectively perform the Company's business in accordance to business strategies and policies.

Directors and Management Team Appointment

The Company has in place a Directors' Selection Procedure in which the Board of Directors will propose candidate and subject candidate 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, one other Foreigner Shareholder, two other Independent Directors and one other Executive Director.

In terms of the management team, the Board of Directors is charged with the duty to appoint all personnel within the management hierarchy from the Chief Executive Officer to the Director level and below; responsibility follows the chain of command.

Although the Company's Board of Directors has no representative from Minority Shareholders who legitimately possess voting rights, the Company maintains independent directors who are competent and qualified to preserve the Minority Shareholders' interests.

7.4.2 Remuneration Policy for Board Members and Executives

The remuneration consists of meeting allowances and bonuses in accordance to the business operational 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.

7.4.3 Remuneration of Board's Members and Executives

The Board of Director's remuneration for the year 2022 was kept within THB 5 million, out of which 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 board members received THB 10,000 per meeting.

Remuneration for Company's Directors and Management team in year 2022 was THB 30 million and also THB 30 million in 2021. 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 and remuneration

The total number of employees as of 31 December 2022 was 788 persons who collectively drew total salary and wage of THB 251.56 million. Employees are divided into 2 groups as follows:

(Unit : Persons)

Employees	Factory workers	Office workers	Total
Male	53	146	199
Female	186	406	589
Total	239	549	788
Total salary and wage (MTHB)	60.73	190.83	251.56

- 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 number of 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

- Employee Welfare

1. Provident Fund

Name of Company	Status	Number of employees joining PVD (person)	Percentage of employee joining PVD/ total employees (%)
Karmarts Plc.	Active	294	37.31
J Kos Laboratories Co., Ltd.	Active	25	13.74
Pa Donputsa Co., Ltd	Active	1	4.35

2. Attendance allowance
3. Uniform
4. Retirement fund
5. Paid leave
6. Discounted employee prices for purchases of products
7. Bonus payment
8. Life insurance
9. Other subsidies such as Buddhist ordination, cremation, marriage, childbirth, etc.
10. Outstanding employee award

7.6 Other Important Information

Remuneration of Auditor of Subsidiaries

Item	Office	Company Payment	Professional Fee		
			2020	2021	2022
1	EY Office Limited	Karmarts Plc.	1,970,000	1,820,000	1,970,000
2	EY Office Limited	J Kos Laboratories Co., Ltd.	300,000	300,000	350,000
3	EY Office Limited	Pa Donputsa Co., Ltd	—	—	350,000
4	EY Office Limited	KJF GLOBAL Co.,Ltd.	—	—	250,000
5	Thai Audit The Truth Limited	The Iconic Property Co., Ltd.	230,000	280,000	304,000
Total			2,500,000	2,400,000	2,950,000

Other Fee

- None -

8. REPORT ON KEY OPERATING RESULTS RELATED TO CORPORATE GOVERNANCE

8.1 Performance summary of the Board of Directors

8.1.1 Board of Directors' Selection and Performance Evaluation

1. Audit Committee

The Board of Directors is responsible for nominating, screening and evaluating individuals who possess suitable qualifications in accordance with the Company's regulations for all committees. This process aims to propose the names of qualified individuals in order to establish a professional and diverse management team. Such considerations take into account the structure, size, and composition of the board.

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.

2. Selection of Board of Directors and Executives

In 2022, the Board of Directors selected and appointed new directors to replace previous directors who resigned or completed their term. During the shareholders' meeting, three new directors were nominated and approved for another term based on their suitability for the roles.

- Mr. Prasit Dheeraratbongkot
- Puttithorn Jirayus, Ph.D.
- Mr. Parit Teekakirikul

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

8.1.2 Meeting Attendance and Individual Directors' Remuneration

Board of Directors' Meeting

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

Name	Position	Board and Specific Committee Meetings in 2022		
		Board of Audit Committee	Board of Director	AGM 2022
1. Mr. Wiwat Theekhakhirikul	Chairman of the Board	-	5/5	-*
2. Lt.Gen. Kobboon Vichit	Independent Director and Chairman of the Audit Committee	8/8	5/5	1/1
3. Mr. Kraiwit Satayapiwat	Director	-	4/5	1/1
4. Mr. Prasit Dheeraratbongkot	Independent Director and Audit Committee	8/8	5/5	1/1
5. Puttithorn Jirayus, Ph.D	Independent Director and Audit Committee	8/8	5/5	1/1
6. Mr. Parit Teekakirikul	Director	-	5/5	-*
7. Mr. Wongwiwat Theekhakhirikul	Director	-	4/5	1/1
8. Mr. Seah Sin Loo	Director	-	0/5**	-**
9. Mr. Kattanant Yaphanich	Director	-	3/5	1/1

Remark * Missed the meeting due to personal status as being in the Covid-19 high-risk group

** Missed the meeting due to overseas presence

Remuneration for Board Members and Executives

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

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

1. Monetary Compensation In 2022

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

Name	Position	Remuneration (THB)			
		Board of Audit Committee	Board of Director	AGM 2022	Total
1. Mr. Wiwat Theekhakhirikul	Chairman of the Board	-	100,000.00	-	100,000.00
2. Lt.Gen. Kobboon Vichit	Independent Director and Chairman of the Audit Committee	160,000.00	50,000.00	-	210,000.00
3. Mr. Kraiwit Satayapiwat	Director	-	40,000.00	-	40,000.00
4. Mr. Prasit Dheeraratbongkot	Independent Director and Audit Committee	80,000.00	50,000.00	-	130,000.00
5. Puttithorn Jirayus, Ph.D	Independent Director and Audit Committee	80,000.00	50,000.00	-	130,000.00
6. Mr. Parit Teekakirikul	Director	-	50,000.00	-	50,000.00
7. Mr. Wongwiwat Theekhakhirikul	Director	-	40,000.00	-	40,000.00
8. Mr. Seah Sin Loo	Director	-	-	-	-
9. Mr. Kattanant Yaphanich	Director	-	30,000.00	-	30,000.00
Total		320,000.00	410,000.00	-	730,000.00

2. Other Remuneration

- None -

8.1.3 Governance of Subsidiaries and Associates

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

8.1.4 Monitoring Compliance with Corporate Governance Policies and Practices

The Company places great importance on good corporate governance, and has established policies and practices related to corporate governance in the Company's corporate governance policy and business ethics framework. Furthermore, the Company promotes the implementation of these policies and practices in order to create trust among all stakeholders.

The Company's monitoring of compliance with good corporate governance principles is basically structured as follows:

1. Conflicts of interest prevention

The Company has established a code of conduct for its directors to ensure efficient management practices are in place while avoiding conflicts of interest that may compromise the Company's best interests, and that directors do not engage in transactions that violate or fail to comply with the rules and regulations of the Office of Insurance Commission and the Stock Exchange of Thailand.

2. Use of internal information for exploitation

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.

3. Anti-Corruption

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

4. Investor/Information Relations

The Company has not set up an Investor Relations Unit to date, hence 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's information via hotline 0-2805-2756-60 or by visiting www.karmarts.co.th.

In 2022, the Company did not receive any complaint related to misconduct, ethical violations or negative event hurting the Company's reputation.

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

8.2.1 Audit Committee Meetings and Attendance of Individual Audit Committee Member

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

8.2.2 Audit Committee Performance

Refer to Attachment 6 for details.

8.3 Performance of Sub-Committees in the Company

The Company has no other subsidiary board.

9. INTERNAL CONTROL AND RELATED PARTY TRANSACTIONS

9.1 Internal control

9.1.1 Board of Directors' View on Internal Control

The Company has implemented effective internal audit and control systems to cover work execution across management, supervisory and executive personnel of 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 measures and the fulfillment of other relevant duties.

The Company has assigned the Audit Office to examine financial, managerial, operational and information systems to ensure compliance with laws and the Company's regulations. Additionally, to ensure the effectiveness of Internal Audit execution in terms of independently inspecting and counterbalancing, the Board of Directors has directed the Internal Audit to directly report inspection results to Audit Committee as well as receiving subsequent performance appraisal from the committee.

9.1.2 Audit Committee's Opinion on Internal Control System

The Audit Committee pronounced that the internal control and management systems of the Company are adequate and appropriate, being consistent with the Board of Director's viewpoint. In addition, EY Office Limited, the Company's Auditor, who audited the quarterly and annual financial statements for 2022, provided an opinion in the audit report that the Company and its subsidiaries did not have any deficiency related to internal control system.

9.1.3 Head of Internal Audit

The Company appointed Miss Kanokorn Siriarunporn as the Internal Audit Manager as she was deemed to be a suitable candidate to perform the duties to the fullest extent with her experience in internal auditing and compliance work relating to requirements of the regulatory bodies overseeing the Company's business operations. Her qualifications for the position of Internal Audit Manager are as specified in Attachment 3.

9.2 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 entities which directly or indirectly own a voting interest in the Group and thereby possess influence over the Group, key management personnel, directors and/or officers with authority in the planning and direction of the Group's operations.

Connected Transactions

As of December 31, 2022, financial aggregates classified as Connected Transactions include sales of goods and services amounting to 27 million baht, interest paid aggregating 0.337 million baht, purchases of goods amounting to 1 million baht, trade receivable and other receivable – net of related parties aggregating 5 million baht, long-term loans provided to related parties totaling 0 million baht, trade creditors and other creditors – net of related parties aggregating 1 million baht, short-term loans from related parties amounting to 22 million baht, remuneration of directors and executives, employee benefits provided to directors and executives of the Company and its subsidiaries totaling 30 million baht, all of which are regular and normal business operations of the Company, as disclosed in note 8 to the financial statements.

Necessities and Bases of Connected Transactions

The Company executed the abovementioned connected transactions with certain connected companies for ordinary business purposes producing economical benefits and at ordinary prices or standard commercial terms and conditions that applied across the market. Hence, all such transactions were made in view of necessity of normal operations. As for the acquisition and/or disposal of assets, the Audit Committee agreed that the said transactions are justifiable and beneficial to the Company, providing additional commercial value. Board members who have no relation with the Company also agreed to the new capital increment which is expected to expedite the Company's expansion plans and enhance branding efficiency, provided that the Company justifies with market prices and normal commercial terms and conditions. Nevertheless, Board members who have relations with the Company did not possess participation nor voting right in the forementioned meeting.

Procedures on Connected Transactions

The Company engaged in transactions with related entities in 2022 for the benefit of business operations and in compliance with contractual obligations and fair market prices, as with any regular customer. As for transactions involving company assets with related parties, the Audit Committee has found that such transactions are reasonable and beneficial to the Company. These transactions add value to the Company and contribute to business development by promoting synergy and fairness in pricing and payment terms. During the Board meeting, non-interested directors voted in favor of investing in the aforementioned securities, seeing it as a beneficial move for the Company. The investment can help promote and support the Company's business expansion, increase competitiveness and strengthen the brand value of "Karmart" by offering reasonable pricing and payment terms. It should be noted that the interested directors did not participate in the meeting and did not have the right to vote.

Policy and Trend of Transactions with Related Companies in the Future

Connected transactions are inevitably performed during ordinary course of business at fair value. With various mechanisms in place to ensure fair trade, the Company is of the opinion that connected transactions need not be avoided and their future occurrence or trend shall only be subjected to commercial needs tied to business growth and changes.

Connected Persons

Connected Persons	At March 13, 2023		Subsidiary				Associates		Subsidiary of the Associate		Joint venture		Subsidiary of the Associate			
	Karmart Pub Co., Ltd.		J Kos Laboratories Co., Ltd.		Pa Dongphutia Co., Ltd.		KJF GLOBAL Co., Ltd.		The Ironic Property Co., Ltd.		Karmarts Vietnam		The Ironic Property Co., Ltd.		Ruram Food and Beverage Co., Ltd.	
	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position	%Share	Position
1. Karmart P.C.			70.00		79.00		50.97		33.33		49.00					
2. Theekhaikul Group																
2.1 Mr. Vivat Theekhaikul	23.191	Director			5.55	Director	0.01			Director	0.01	Director			Director	
2.2 Mr. Wongwut Theekhaikul	0.248	Director			0.29	Director	0.01	Director								
2.3 Mr. Wongwut Theekhaikul	0.061				0.29											
2.3 Mr. Porwut Theekhaikul	4.533				3.50				16.66							
2.4 Mr. Pakt Theekhaikul	3.753	Director			3.50				16.67	Director	0.01	Director			16.67	Director
2.5 Mr. Pakt Theekhaikul	4.064															
2.6 Ms. Vard Theekhaikul	0.064				0.29											
2.7 Mr. Nagan Theekhaikul	0.015				0.29											
2.8 Ms. Chomda Theekhaikul	0.003	Director														
3. Mr. Krawit Satsayawat																
4. The Ironic Property Co., Ltd.			30.00	Director	7.29	Director	49.01	Director	33.34	Director	51.00	Director	99.97	0.01	100.00	Director
5. Other																
Total	100.000		100.00		100.00		100.00		100.00		100.00		100.00		100.00	100.00

Director	Karmart Pub Co., Ltd.		J Kos Laboratories Co., Ltd.		Pa Dongphutia Co., Ltd.		KJF GLOBAL Co., Ltd.		The Ironic Property Co., Ltd.		Karmarts Vietnam		The Ironic Property Co., Ltd.		Ruram Food and Beverage Co., Ltd.		The Ironic Property Co., Ltd.	
	CEO	Director ^a	MD	Director ^a	MD	Director ^a	MD	Director ^a	MD	Director ^a	MD	Director ^a	MD	Director ^a	MD	Director ^a	MD	Director ^a
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
1. Mr. Vivat Theekhaikul		✓			✓			✓										
2. Mr. Wongwut Theekhaikul		✓				✓												
3. Mr. Krawit Satsayawat		✓																
4. Mr. Pakt Theekhaikul																		

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 2022, 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 2022, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

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

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

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

Valuation of investment properties

As mentioned in Note 13 to the financial statements, the Group presents investment properties at fair value in the consolidated statement of financial position and the separate statement of financial position as at 31 December 2022 amounting to Baht 454.1 million and Baht 156.9 million, and during the year ended 31 December 2022, the Group recorded net gains from changes in fair value of investment properties amounted to Baht 35.2 million in the consolidated statements of comprehensive income and the statements of comprehensive income. The fair value of such investment properties has been determined based on the valuation performed by an independent valuer. Such valuations were calculated under the assumptions and judgements of both management and independent valuer.

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

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

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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



Chayapol Suppasattan

Certified Public Accountant (Thailand) No. 3972

EY Office Limited

Bangkok: 24 February 2023

Karmarts Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents	6	27,631,415	151,835,330	12,821,838	148,589,701
Trade and other receivables	7, 8	411,998,820	320,131,100	423,278,025	328,299,642
Current portion of lease receivables	16	4,152,689	4,063,023	5,828,894	4,147,452
Short-term loans to related party	8	–	–	38,000,000	21,000,000
Short-term loans to non-related party		–	4,000,000	–	4,000,000
Inventories	9	460,041,021	333,569,321	440,209,890	318,102,453
Corporate income tax refundable		34,530	302,421	–	–
Other current assets		51,278,514	43,806,680	50,866,893	43,705,617
Total current assets		<u>955,136,989</u>	<u>857,707,875</u>	<u>971,005,540</u>	<u>867,844,865</u>
Non-current assets					
Lease receivables – net of current portion	16	6,753,124	2,288,050	11,428,511	2,463,843
Investment in joint venture	10	3,409,965	421,104	–	–
Investment in associate	11	178,799,418	180,685,967	71,029,990	71,029,990
Investments in subsidiaries	12	–	–	218,877,607	25,700,000
Investment properties	13	454,107,925	121,700,000	156,900,000	121,700,000
Deposits for purchase of land		–	35,939,032	–	–
Property, plant and equipment	14	479,574,152	466,552,767	465,210,466	431,155,718
Land held for development	15	8,284,000	8,284,000	8,284,000	8,284,000
Right-of-use assets	16	25,150,905	28,559,526	25,065,556	28,331,269
Intangible assets	17	551,706	1,434,963	551,674	1,422,887
Deferred tax assets	23	292,667	167,356	–	–
Other non-current assets		10,658,515	11,088,896	9,904,274	10,240,556
Total non-current assets		<u>1,167,582,377</u>	<u>857,121,661</u>	<u>967,252,078</u>	<u>700,328,263</u>
Total assets		<u><u>2,122,719,366</u></u>	<u><u>1,714,829,536</u></u>	<u><u>1,938,257,618</u></u>	<u><u>1,568,173,128</u></u>

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 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	18	348,485,953	163,008,062	348,485,953	163,008,062
Trade and other payables	8, 19	205,700,894	146,676,557	211,261,888	151,608,068
Share subscription payable from investments in subsidiary	8	–	2,200,000	–	2,200,000
Short-term loans from related parties and persons	8	22,300,000	56,332,437	8,300,000	26,000,000
Current portion of long-term lease liabilities	16	11,718,412	11,122,207	11,552,334	11,004,901
Current portion of long-term loans from financial institution	20	–	16,410,221	–	16,410,221
Income tax payable		46,644,632	56,199,926	46,644,632	56,199,926
Other current liabilities		44,402,106	45,169,357	43,501,231	44,972,751
Total current liabilities		679,251,997	497,118,767	669,746,038	471,403,929
Non-current liabilities					
Long-term lease liabilities - net of current portion	16	16,432,420	13,950,708	16,673,045	13,940,563
Provision for long-term employee benefits	21	20,096,739	16,777,885	19,924,402	16,684,024
Deferred tax liabilities	23	42,142,313	25,823,831	42,142,313	25,823,831
Total non-current liabilities		78,671,472	56,552,424	78,739,760	56,448,418
Total liabilities		757,923,469	553,671,191	748,485,798	527,852,347

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 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Shareholders' equity					
Share capital					
Registered					
880,000,000 ordinary shares of					
Baht 0.60 each		<u>528,000,000</u>	<u>528,000,000</u>	<u>528,000,000</u>	<u>528,000,000</u>
Issued and paid up					
879,998,016 ordinary shares of					
Baht 0.60 each		527,998,810	527,998,810	527,998,810	527,998,810
Share premium		88,396,711	88,396,711	88,396,711	88,396,711
Surplus from capital reduction		15,267,473	15,267,473	15,267,473	15,267,473
Share discount on changes in proportion					
of investment in subsidiary		135,191	(423,639)	-	-
Retained earnings					
Appropriated – statutory reserve	30	52,800,000	52,799,881	52,800,000	52,799,881
Unappropriated		514,852,243	399,050,323	401,778,938	285,070,318
Other components of shareholders' equity		<u>103,402,032</u>	<u>70,661,931</u>	<u>103,529,888</u>	<u>70,787,588</u>
Equity attributable to owners of the Company		<u>1,302,852,460</u>	<u>1,153,751,490</u>	<u>1,189,771,820</u>	<u>1,040,320,781</u>
Non-controlling interests of the subsidiaries		61,943,437	7,406,855	-	-
Total shareholders' equity		<u>1,364,795,897</u>	<u>1,161,158,345</u>	<u>1,189,771,820</u>	<u>1,040,320,781</u>
Total liabilities and shareholders' equity		<u>2,122,719,366</u>	<u>1,714,829,536</u>	<u>1,938,257,618</u>	<u>1,568,173,128</u>

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 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Revenues					
Sales		1,838,767,804	1,269,897,283	1,925,475,354	1,323,844,095
Income from warehouse rental		24,906,621	21,169,885	24,906,621	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 change in fair value of investment properties	13	35,200,000	–	35,200,000	–
Other income		11,481,891	9,621,593	14,610,531	15,654,853
Total revenues		<u>1,910,356,316</u>	<u>1,503,236,830</u>	<u>2,000,192,506</u>	<u>1,579,734,921</u>
Expenses					
Cost of sales		954,443,874	672,918,138	1,058,163,641	738,863,897
Cost of warehouse rental		96,816	167,597	96,816	167,597
Selling and distribution expenses		292,621,166	231,961,857	292,312,265	231,961,857
Administrative expenses		238,430,818	226,150,112	224,118,289	215,443,834
Loss on diminution in value of properties transferred to investment properties	14	1,802,683	–	–	–
Loss on change in fair value of investment properties	13	–	700,000	–	700,000
Total expenses		<u>1,487,395,357</u>	<u>1,131,897,704</u>	<u>1,574,691,011</u>	<u>1,187,137,185</u>
Profit from operating activities		<u>422,960,959</u>	<u>371,339,126</u>	<u>425,501,495</u>	<u>392,597,736</u>
Share of profit from investments in joint venture and associate	10, 11	1,104,512	463,857	–	–
Finance income	24	384,445	797,389	1,089,427	863,909
Finance cost	25	(14,544,414)	(7,705,477)	(14,467,081)	(7,586,798)
Profit before income tax expenses		<u>409,905,502</u>	<u>364,894,895</u>	<u>412,123,841</u>	<u>385,874,847</u>
Income tax expenses	23	(84,510,260)	(72,213,862)	(84,217,019)	(72,129,221)
Profit for the year		<u><u>325,395,242</u></u>	<u><u>292,681,033</u></u>	<u><u>327,906,822</u></u>	<u><u>313,745,626</u></u>
Profit attributable to:					
Equity holders of the Company		327,000,122	292,872,628	327,906,822	313,745,626
Non-controlling interests of the subsidiaries		(1,604,880)	(191,595)	–	–
		<u><u>325,395,242</u></u>	<u><u>292,681,033</u></u>		
Earnings per share	27				
Profit attributable to equity holders of the Company		<u>0.37</u>	<u>0.33</u>	<u>0.37</u>	<u>0.36</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 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Profit for the year		<u>325,395,242</u>	<u>292,681,033</u>	<u>327,906,822</u>	<u>313,745,626</u>
Other comprehensive income:					
Other comprehensive income to be reclassified					
to profit or loss in subsequent period					
Share of loss from exchange differences on translation					
of joint venture's financial statements in foreign currency		<u>(2,199)</u>	<u>(79,167)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified					
to profit or loss in subsequent period		<u>(2,199)</u>	<u>(79,167)</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified					
to profit or loss in subsequent period					
Changes in revaluation surplus of assets - net of income tax	14, 23	<u>32,742,300</u>	<u>-</u>	<u>32,742,300</u>	<u>-</u>
Actuarial gain - net of income tax	21, 23	<u>-</u>	<u>3,499,335</u>	<u>-</u>	<u>2,968,005</u>
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		<u>32,742,300</u>	<u>3,499,335</u>	<u>32,742,300</u>	<u>2,968,005</u>
Other comprehensive income for the year		<u>32,740,101</u>	<u>3,420,168</u>	<u>32,742,300</u>	<u>2,968,005</u>
Total comprehensive income for the year		<u><u>358,135,343</u></u>	<u><u>296,101,201</u></u>	<u><u>360,649,122</u></u>	<u><u>316,713,631</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>359,740,223</u>	<u>296,133,397</u>	<u>360,649,122</u>	<u>316,713,631</u>
Non-controlling interests of the subsidiaries		<u>(1,604,880)</u>	<u>(32,196)</u>		
		<u><u>358,135,343</u></u>	<u><u>296,101,201</u></u>		

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

(Unit: Baht)

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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 2022

	Separate financial statement						(Unit: Baht)
	Issued and paid-up share capital	Share premium	Surplus from capital reduction	Retained earnings		Other components of shareholders' equity	
				Statutory reserve	Unappropriated		
Balance as at 1 January 2021	527,996,810	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
Dividends paid (Note 29)	-	-	-	-	(140,796,956)	-	(140,796,956)
Balance as at 31 December 2021	527,996,810	88,396,711	15,267,473	52,799,881	285,070,318	70,787,588	1,040,320,781
Balance as at 1 January 2022	527,996,810	88,396,711	15,267,473	52,799,881	285,070,318	70,787,588	1,040,320,781
Profit for the year	-	-	-	-	327,906,822	-	327,906,822
Other comprehensive income for the year	-	-	-	-	32,742,300	-	32,742,300
Total comprehensive income for the year	-	-	-	-	327,906,822	-	360,649,122
Appropriated to statutory reserve (Note 30)	-	-	-	119	(119)	-	-
Dividends paid (Note 29)	-	-	-	-	(211,196,083)	-	(211,196,083)
Balance as at 31 December 2022	527,996,810	88,396,711	15,267,473	52,800,000	401,776,038	103,529,888	1,189,771,820

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 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before tax	409,905,502	364,894,895	412,123,841	385,874,847
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	54,021,342	49,287,755	49,195,049	46,228,853
Loss on diminution in value of properties transferred to investment properties	1,802,683	-	-	-
Loss (gain) on change in fair value of investment properties	(35,200,000)	700,000	(35,200,000)	700,000
Loss on expected credit losses (reversal)	802,038	(4,116,064)	712,320	(4,050,016)
Loss on reducing cost of inventories to net realisable value	4,365,240	636,715	3,817,163	292,525
Unrealised loss on exchange	21,747,376	20,201,685	21,747,376	20,201,685
Loss (gain) on disposal of investments in equity instruments	(435,000)	133,950	(435,000)	133,950
Loss on sale of investment in subsidiary	-	-	122,093	-
Excess of purchase price over net asset of investments in subsidiary	25,899	4,388,447	-	-
Written off of equipment and intangible assets	1,241,301	12,514,905	1,204,421	12,514,100
Gain on disposal of equipment	(1,978,315)	(850,179)	(2,075,045)	(888,754)
Interest income	(87,847)	(309,224)	(580,228)	(375,744)
Dividend income	-	(246,500)	-	(16,764,519)
Long-term employee benefits expense	3,550,854	4,096,150	3,472,378	4,043,207
Interest expenses	13,240,334	6,559,399	13,170,571	6,440,720
Share of profit from investments in joint venture and associate	(1,104,512)	(463,857)	-	-
Profit from operating activities before changes in operating assets and liabilities:	471,896,895	457,428,077	467,274,939	454,350,854
Operating assets (increase) decrease				
Trade and other receivables	(92,805,085)	7,419,409	(95,826,029)	6,175,898
Lease receivables	(4,554,740)	4,151,362	(10,646,111)	3,891,140
Inventories	(130,836,940)	(6,090,792)	(125,924,600)	(7,229,595)
Other current assets	(7,467,110)	(6,858,690)	(7,161,276)	(7,037,516)
Other non-current assets	430,381	8,299,282	336,282	8,274,625
Operating liabilities increase (decrease)				
Trade and other payables	57,903,297	(5,504,793)	58,392,340	(12,180,500)
Other current liabilities	(767,251)	13,185,542	(1,471,520)	13,329,700
Cash from operating activities	293,799,447	472,029,397	284,974,025	459,574,606
Cash paid for income tax	(85,790,067)	(36,802,408)	(85,639,406)	(35,216,651)
Cash paid for long-term employee benefits	(232,000)	(2,383,201)	(232,000)	(2,383,201)
Net cash from operating activities	207,777,380	433,043,788	199,102,619	421,974,754

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 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from investing activities				
Interest income	223,174	204,831	715,555	271,351
Dividend received	-	9,764,519	-	16,764,519
Acquisition of investments in subsidiary	(3,199,700)	(16,500,000)	(213,699,700)	(16,500,000)
Cash from disposal of investment in subsidiary	-	-	18,200,000	-
Net cash from acquisition of the subsidiary	21,000	3,307,267	-	-
Increase in short-term loans to related party	-	-	(17,000,000)	(21,000,000)
Decrease (increase) in short-term loans to unrelated party	4,000,000	(4,000,000)	4,000,000	(4,000,000)
Decrease in long-term loans to related party	1,000,000	2,336,679	-	2,336,679
Proceeds from disposal of equipment	3,127,507	1,781,605	3,295,731	2,140,983
Proceeds from disposal of investments in equity instruments	6,740,000	10,685,490	6,740,000	10,685,490
Acquisition of investments in equity instruments	(6,305,000)	(10,819,440)	(6,305,000)	(10,819,440)
Deposits paid for purchase of land	-	(35,739,032)	-	-
Acquisition of land, equipment and intangible assets	(272,091,764)	(40,249,578)	(28,693,140)	(39,028,631)
Cash received from non-controlling interests of the subsidiary from capital increase	38,500,000	-	-	-
Cash received from non-controlling interests of the subsidiary from sale of investment in subsidiary	17,763,263	-	-	-
Net cash used in investing activities	(210,221,520)	(79,227,659)	(232,746,554)	(59,149,049)
Cash flows from financing activities				
Increase (decrease) short-term loans from financial institutions	164,112,036	(38,881,935)	164,112,036	(38,881,935)
Increase (decrease) in short-term loans from related parties and persons	(34,032,437)	10,332,437	(17,700,000)	(4,000,000)
Cash paid for settlements of leases	(11,671,279)	(16,308,273)	(8,699,659)	(15,913,519)
Decrease in long-term loan from financial institution	(16,410,221)	(17,014,421)	(16,410,221)	(17,014,421)
Interest paid	(12,559,791)	(5,571,443)	(12,228,001)	(5,543,387)
Dividends paid	(211,198,083)	(140,796,955)	(211,198,083)	(140,796,955)
Dividends paid by the subsidiary to non-controlling interest	-	(3,000,000)	-	-
Net cash used in financing activities	(121,759,775)	(211,240,590)	(102,123,928)	(222,150,217)
Net increase (decrease) in cash and cash equivalents	(124,203,915)	142,575,539	(135,767,863)	140,675,488
Cash and cash equivalents at beginning of year	151,835,330	9,259,791	148,589,701	7,914,213
Cash and cash equivalents at end of year (Note 6)	27,631,415	151,835,330	12,821,838	148,589,701

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 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Supplemental cash flows information: -				
Non-cash transactions: -				
Payables for acquisition of equipment and intangible assets	-	1,432,445	-	1,432,445
Increase in lease liabilities	959,724	15,469,232	959,724	15,469,232
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
Surplus on revaluation of assets	40,927,875	-	40,927,875	-
Transfer of properties available for use to investment properties	297,207,925	-	-	-

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

Karmarts Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2022

1. General Information

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

2. Basis of preparation of financial statements

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Karmarts Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries") (collectively as "the Group"):

Subsidiaries	Nature of business	Percentage of shareholding		Country of incorporation
		2022	2021	
		Percent	Percent	
J KOS Laboratories Co., Ltd.	Manufacture and distribution of consumer product	70.00	70.00	Thailand
Pa Donphutsa Co., Ltd.	Investment in land	79.00	86.00	Thailand
KJF Global Co., Ltd.	Manufacture and distribution of consumer product	51.00	-	Thailand

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

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations 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 providing accounting guidance for users of the standards.

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

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

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 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies**4.1 Revenue and expense recognition****Sale of goods**

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

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

Interest income

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

Finance cost

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

Dividend income

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

4.2 Cash and cash equivalents

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

4.3 Inventories

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

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

4.4 Investments in subsidiaries, joint ventures and associates

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

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

4.5 Investment properties

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

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

4.6 Property, plant and equipment and depreciation

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

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

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

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

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

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

Depreciation is included in determining income.

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

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

4.7 Land held for development

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

4.8 Leases

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

The Group as a lessee

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

Right-of-use assets

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

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

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

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

Sub lease

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

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

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

The Group as a lessor

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

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

4.9 Intangible assets

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

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

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

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

4.10 Related party transactions

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

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

4.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of non-financial assets

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

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

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

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

4.14 Provisions

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

4.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.16 Financial instruments

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

Classification and measurement of financial assets

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

Financial assets at amortised cost

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

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

Classification and measurement of financial liabilities

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

Regular way purchases and sales of financial assets

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

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

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

Impairment of financial assets

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

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

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

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

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

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

Offsetting of financial instruments

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

4.17 Fair value measurement

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

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

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

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

5. Significant accounting judgements and estimates

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

Reduction of cost to net realisable value of inventories

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

Allowance for expected credit losses of trade receivables

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

Investment properties

The Group presents investment properties at the fair value estimated by an independent appraiser, and recognised changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach for the properties used for warehouse service, because there is no market price that could be used to apply a comparative approach and using market approach for land that has no obvious purpose. 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 as described in Note 14.

Leases – The Group as a lessee

Determining the lease term with extension and termination options

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

Estimating the incremental borrowing rate

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

Post-employment benefits under defined benefit plans

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

Litigation

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

6. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash	352	301	275	262
Bank deposits	27,279	151,534	12,547	148,328
Total	<u>27,631</u>	<u>151,835</u>	<u>12,822</u>	<u>148,590</u>

As at 31 December 2022, bank deposits in savings accounts carried interest at rates of 0.25% – 0.35% per annum (2021: 0.05% – 0.15% per annum).

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Trade accounts receivable – related parties				
Aged on the basis of due dates				
Not yet due	3,682	5,692	14,019	5,351
Past due				
1 – 3 months	1,205	783	1,205	783
Total	4,887	6,475	15,224	6,134
Less: Allowance for expected credit losses	(16)	(22)	(58)	(22)
Net	4,871	6,453	15,166	6,112
Trade accounts receivable – unrelated parties				
Aged on the basis of due dates				
Post dated cheques	6,377	4,466	6,371	4,466
Not yet due	204,089	161,753	203,628	161,751
Past due				
1 – 3 months	156,096	109,488	155,803	109,488
3 – 6 months	46,495	35,343	46,495	35,343
6 – 12 months	–	11,762	–	11,762
Over 12 months	7,259	3,938	7,259	3,938
Returned cheques	70	225	70	225
Total	420,386	326,975	419,626	326,973
Less: Allowance for expected credit losses	(15,610)	(14,686)	(15,559)	(14,686)
Net	404,776	312,289	404,067	312,287
Other receivables				
Other receivables – related parties	12	–	1,780	8,994
Other receivables – unrelated parties	2,345	1,510	2,278	1,117
Total	2,357	1,510	4,058	10,111
Less: Allowance for expected credit losses	(5)	(121)	(13)	(210)
Net	2,352	1,389	4,045	9,901
Total trade and other receivables – net	411,999	320,131	423,278	328,300

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	
	2022	2021	2022	2021
Beginning balance	14,829	18,945	14,918	18,969
Allowance for expected credit losses (reversal)	802	(3,009)	712	(2,944)
Amount recovered	–	(1,107)	–	(1,107)
Ending balance	<u>15,631</u>	<u>14,829</u>	<u>15,630</u>	<u>14,918</u>

8. Related parties transactions

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

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

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

Such significant transactions are summarised below.

(Unit: Million Baht)

	Consolidated financial statements For the years ended 31 December		Separate financial statements For the years ended 31 December		Pricing Policy
	2022	2021	2022	2021	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Purchases of goods	-	-	158	112	Cost plus margin
Sales of goods	-	-	86	56	Cost
Dividends received	-	-	-	7	As declared
Service income	-	-	7	7	Contract price
Service expenses	-	-	4	4	Contract price
Rental income	-	-	2	2	Contract price
Interest income	-	-	1	-	2.0 percent per annum
<u>Transactions with joint venture and associate</u>					
Sales of goods	27	14	27	14	Cost plus margin
Interest expenses	-	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	1	-	-	Cost plus margin
Service income	-	1	-	1	Contract price
Sale of investment in subsidiary	-	-	18	-	Contract price

The outstanding balances of the related transactions as at 31 December 2022 and 2021 are shown in the statements of financial position as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Trade and other receivables – related parties (Note 7)				
Joint venture	4,848	6,046	4,848	6,046
Subsidiaries	–	–	12,144	9,082
Related companies	51	429	12	–
Total	4,899	6,475	17,004	15,128
Less: Allowance for expected credit losses	(16)	(22)	(67)	(112)
Net	4,883	6,453	16,937	15,016
Lease receivables				
Subsidiaries	–	–	6,352	260
Short-term loans to related party				
Subsidiary	–	–	38,000	21,000
Trade and other payables – related persons and parties (Note 16)				
Subsidiaries	–	–	16,561	7,956
Related companies	311	134	164	65
Accrued managements benefits	1,190	1,150	1,190	1,150
Total	1,501	1,284	17,915	9,171
Share subscription payable				
Directors and related persons	–	2,200	–	2,200
Short-term loans from related parties and persons				
Associate	8,300	26,000	8,300	26,000
Directors	14,000	26,051	–	–
Related persons	–	4,281	–	–
Total	22,300	56,332	8,300	26,000

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 2022	Increase	Decrease	31 December 2022
Short-term loans from related parties and persons				
Associate				
The Iconic Property Company Limited	26,000	-	(17,700)	8,300
Short-term loans from related parties and persons				
Directors and related persons	30,332	23,000	(39,332)	14,000
Total	56,332	23,000	(57,032)	22,300

(Unit: Thousand Baht)

	Separate financial statements			
	1 January 2022	Increase	Decrease	31 December 2022
Short-term loans to related party				
Subsidiary				
Pa Donphutsa Co., Ltd.	21,000	45,000	(28,000)	38,000
Short-term loan from related party				
Associate				
The Iconic Property Company Limited	26,000	-	(17,700)	8,300

As at 31 December 2022 and 2021, short-term loans to the subsidiary matures at call and carries an interest at a rate of 2.0 percent per annum

As at 31 December 2022 and 2021, short-term loans from the associate matures at call and carries an interest at a rate of 2.0 percent per annum.

As at 31 December 2022, the subsidiary has short-term loans from its directors and related persons which mature at call and carry an interest at a rate of 2.0 percent per annum (2021: 1.5 – 2.0 percent per annum).

Directors and management benefits

During the years ended 31 December 2022 and 2021, the Group had employee benefit expenses of their directors and management as below.

(Unit : Million Baht)

	Consolidated / Separate financial statements	
	2022	2021
Short-term employee benefits	30	29
Post-employment benefits	-	1
Total	<u>30</u>	<u>30</u>

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2022	2021	2022	2021	2022	2021
Finished goods	316,553	235,878	(35,917)	(29,485)	280,636	206,393
Raw materials and supplies	111,357	86,217	(9,582)	(11,649)	101,775	74,568
Work in process	13,201	8,594	-	-	13,201	8,594
Goods in transit	54,140	32,470	-	-	54,140	32,470
Goods expected to be returned by customers	10,289	11,544	-	-	10,289	11,544
Total	<u>505,540</u>	<u>374,703</u>	<u>(45,499)</u>	<u>(41,134)</u>	<u>460,041</u>	<u>333,569</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2022	2021	2022	2021	2022	2021
Finished goods	316,553	235,878	(35,917)	(29,485)	280,636	206,393
Raw materials and supplies	92,648	73,113	(8,292)	(10,907)	84,356	62,206
Work in process	10,789	5,489	-	-	10,789	5,489
Goods in transit	54,140	32,470	-	-	54,140	32,470
Goods expected to be returned by customers	10,289	11,544	-	-	10,289	11,544
Total	<u>484,419</u>	<u>358,494</u>	<u>(44,209)</u>	<u>(40,392)</u>	<u>440,210</u>	<u>318,102</u>

During the current year, the Group reduced cost of inventories by Baht 4.4 million to reflect the net realisable value which was included in cost of sales (2021: Baht 0.6 million) (the Company only: Baht 3.8 million 2021: Baht 0.3 million)).

10. Investments in joint venture**10.1 Details of investments in joint venture**

Investment in joint venture represented investment in Karmarts Vietnam Company Limited, a jointly controlled entity, by the Company and other party. This Company is incorporated in Vietnam for distribution of cosmetic products. The Company invested 49% in this entity. Value of investment was as follow:

Consolidated financial statements		Separate financial statements					
Carrying amount based on equity method		Cost		Allowance for impairment of investment		Carrying amount based on cost method - net	
31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
3,410	421	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)

Joint venture	Consolidated financial statements	
	Share of profit	
	2022	2021
Karmarts Vietnam Company Limited	2,992	-

10.3 Summary financial information of material joint venture

Summarised information about financial position

(Unit: Million Baht)

	2022	2021
Cash and cash equivalents	8	3
Other current assets	11	9
Current liabilities	(8)	(8)
Net assets	11	4
Shareholding percentage	49	49
Share of net assets	5	2
Elimination entries	(2)	(2)
Carrying amounts of joint venture based on equity method	3	-

Summarised information about comprehensive income

(Unit: Million Baht)

	2022	2021
Revenue	47	24
Profit	7	1
Other comprehensive income	-	-
Total comprehensive income	7	1

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

As at 31 December 2022 and 2021, the Company had commitment to pay USD 98,000 in respect of uncalled portion of shares of this joint venture.

11. Investments in associate**11.1 Details of associate:**

Investment in associate represented investment in The Iconic Property Company Limited which is incorporated in Thailand and engaged in property development. The Company invested 33.33% in shares of this company. Value of investment as of 31 December 2022 and 2021 was as follow:

(Unit: Thousand Baht)

Consolidated financial statements		Separate financial statements	
Carrying amount based on equity method		Cost	
2022	2021	2022	2021
<u>178,799</u>	<u>180,686</u>	<u>71,030</u>	<u>71,030</u>

As at 31 December 2022 and 2021, the associate has one piece of land with a fair value of Baht 18.6 million, obtained from the past due of repurchase agreement. The right over this property has been in the process of transfer from its director to the associate.

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 investment 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)		Dividend received	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
The Iconic Property Company Limited and its subsidiaries	(1,887)	463	–	9,518

11.3 Summary financial information about material associate

Summarised information about financial position

(Unit: Million Baht)

	As at 31 December 2022	As at 31 December 2021
Current assets	166	172
Non-current assets	372	371
Current liabilities	(2)	(1)
Net assets	536	542
Shareholding percentage	33.33	33.33
Share of net assets	179	181
Elimination entries	–	–
Carrying amounts of associate based on equity method	179	181

Summarised information about comprehensive income.

(Unit: Million Baht)

	2022	2021
Revenue	–	3
Profit (Loss)	(6)	1
Other comprehensive income	–	–
Total comprehensive income	(6)	1

12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Subsidiaries	Paid-up share capital	Shareholding percentage	Cost method	
	(Million Baht)	(%)	31 December 2022	31 December 2021
J KOS Laboratories Company Limited	10.00	70.00	7,000	7,000
Pa Donphutsa Company Limited	260.00	79.00		
	(31 December 2021: 20.00)	(31 December 2021: 86.00)	206,778	18,700
KJF Global Company Limited	10.00	51.00	5,100	–
Total			218,878	25,700

During the year 2022 and 2021, the Company received dividend from subsidiaries as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	2022	2021
J KOS Laboratories Company Limited	–	7,000

On 4 January 2022, the Extraordinary General Meeting of the shareholders of Pa Donphutsa Co., Ltd. approved an increase of Baht 240 million in share capital of its company (2.4 million ordinary shares of Baht 100 each). After an increase in capital, the subsidiary has the registered share capital of Baht 260 million (2.6 million ordinary shares of Baht 100 each). On 18 January 2022, the subsidiary registered the increase of share capital with the Ministry of Commerce, and called for share subscription in full.

The Company paid Baht 206.4 million for the share capital increase (2.064 million shares of Baht 100 each) and non-controlling interests of the subsidiary paid a total of Baht 33.6 million for share capital increase (0.336 million shares of Baht 100 each). The Company still holds 86.00% in shares of this company.

On 14 November 2022, the Company's Board of Directors passed a resolution to approve a sale of shares of Pa Donphutsa Co., Ltd. total 182,000 shares with a sale price of Baht 100 per share (Baht 18.2 million) to two related persons. The number of shares sold represented 7.00% of the registered and paid-up capital of the subsidiary. After sale of such investment, the Company holds 79.00% in shares of this company and remains control over this subsidiary and non-controlling interests of the subsidiary increased by Baht 17.6 million. The Group recorded share premium on changes in the proportion of investment in subsidiary amounted to Baht 0.6 million in shareholder equity in the consolidated statement of financial position.

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

On 28 February 2022, the Extraordinary General Meeting of the shareholders of KJF Global Co., Ltd. approved an increase of Baht 9 million in its share capital (90,000 ordinary shares of Baht 100 each). After the increase in capital, the subsidiary has the registered share capital of Baht 10 million (100,000 ordinary shares of Baht 100 each). The Company acquired shares of share increase and paid share subscription of Baht 4.1 million (41,000 ordinary shares of Baht 100 each), and non-controlling interests of the subsidiary acquired shares of share increase and paid share subscription of Baht 4.9 million (49,000 ordinary shares of Baht 100 each). After the capital increase, the Company holds 51.00% in shares of this company and remains control over this subsidiary. The subsidiary registered the increase of its share capital with the Ministry of Commerce on 10 March 2022.

13. Investment properties

A reconciliation of the net book value of investment properties as at the beginning and end of the years 2022 and 2021 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Land and structure	Properties and warehouse for rental	Total
Net book value at beginning of 2021	-	122,400	122,400
Loss from decreasing in fair value	-	(700)	(700)
Net book value at end of 2021	-	121,700	121,700
Transfers in	297,208	-	297,208
Gain from increasing fair value	-	35,200	35,200
Net book value at end of 2022	<u>297,208</u>	<u>156,900</u>	<u>454,108</u>

(Unit: Thousand Baht)

	Separate financial statements
	Properties and warehouse for rental
Net book value at beginning of 2021	122,400
Loss from decreasing in fair value	(700)
Net book value at end of 2021	121,700
Gain from increasing in fair value	35,200
Net book value at end of 2022	<u>156,900</u>

The investment properties of the Company represented land and warehouse for rental. Its fair value has been determined based on the valuation performed in 2022 and 2021 by an independent valuer using the income approach. Key assumptions used in the valuation included discount rate, yield rate, and rental rate which were summarised as follow:

	Consolidated / Separate financial statements		Result to fair value when an assumption rate increase
	2022	2021	
Discount rate (%)	15	15	Fair value decrease
Yield rate (%)	12	12	Fair value decrease
Rental rate per square meter per month (Baht)	120.0	117.8	Fair value increase

In 2022, the Company charged fee for rental area of 30,516 square meters while in 2021, the Company charged fee for rental area stipulated in the rental agreement of 14,910 square meters.

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 against credit facilities granted by commercial banks.

As at 31 December 2022, a subsidiary transferred land, and structure to investment properties as described in Note 14 to financial statements because the management of the subsidiary opines that there is no specific purpose for the use of land but expects the increase in value of the land in the future.

14. Property, plant and equipment

Consolidated financial statements

	Revaluation basis	Cost basis						Total	
		Land	Land improvement	Building and building improvement	Machinery and equipment	Motor vehicles	Office furniture, fixtures and equipment		Assets under installation and construction in progress
Cost/Revalued amount									
1 January 2021	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
Acquisitions	-	54	2,316	5,214		4,421	4,421	24,657	41,083
Transfer to inventories	-	-	-	-	-	-	(304)	-	(304)
Disposals / 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
Acquisitions	268,469	1,213	2,161	6,592		3,720	5,253	22,650	310,058
Revaluations increase	39,125	-	-	-	-	-	-	-	39,125
Disposals / write-off	-	-	(34)	-	-	(3,972)	(2,030)	(1,137)	(7,173)
Transfer in / transfer out	-	1,428	27,469	23		-	5,506	(34,426)	-
Transfer to investment properties	(286,666)	(6,664)	(3,277)	-	-	-	-	(1,383)	(297,990)
31 December 2022	297,046	448	226,053	106,127		20,928	80,052	2,866	733,520

(Unit: Thousand Baht)

Consolidated financial statements (continued)

(Unit: Thousand Baht)

	Revaluation basis	Cost basis					
		Land improvement	Building and building improvement	Machinery and equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under installation and construction in progress
	Land						Total
Accumulated depreciation							
1 January 2021	-	256	75,276	59,689	16,236	42,935	-
Increase from acquisition of subsidiary	-	4	31	21	177	3	236
Depreciation for the year	-	3	13,223	10,819	1,555	8,582	-
Depreciation for disposals / write-off	-	-	(2,314)	(61)	(2,653)	(835)	-
31 December 2021	-	263	86,216	70,468	15,315	50,685	-
Depreciation for the year	-	511	14,387	11,246	2,362	9,450	-
Transfer to investment properties	-	(502)	(280)	-	-	-	-
Depreciation for disposals / write-off	-	-	(4)	-	(3,957)	(2,214)	-
31 December 2022	-	272	100,319	81,714	13,720	57,921	-
Net book value							
31 December 2021	276,118	4,208	113,518	29,044	5,865	20,638	17,162
31 December 2022	297,046	176	125,734	24,413	7,208	22,131	2,866
Depreciation for the year							
2021 (Baht 16.0 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)							34,182
2022 (Baht 15.8 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)							37,956

Separate financial statements

(Unit: Thousand Baht)

	Revaluation basis	Cost basis						Assets under installation and construction in progress	Total
		Land	Land improvement	Building and building improvement	Machinery and equipment	Motor vehicles	Office furniture, fixtures and equipment		
Cost/Revalued amount									
1 January 2021	256,118	256		180,948	83,054	17,793	64,099	22,323	624,591
Acquisition	-	-	2,316	4,174	4,369	4,422	39,632	24,351	39,632
Transfer to inventories	-	-	-	-	-	-	(304)	-	(304)
Disposals / write-off	-	-	(14,095)	(739)	(2,653)	(1,053)	(1,053)	(134)	(18,674)
Transfer in / transfer out	-	-	28,502	555	-	-	2,527	(31,594)	-
31 December 2021	256,118	256		197,671	87,044	19,562	69,638	14,956	645,245
Acquisition	-	192	1,574	2,466	5,012	39	17,971	17,971	27,254
Revaluations increase	40,928	-	-	-	-	-	-	-	40,928
Disposals / write-off	-	-	-	-	-	(3,972)	(2,029)	(1,131)	(7,132)
Transfer in / transfer out	-	-	24,042	13	-	-	5,495	(29,550)	-
31 December 2022	297,046	448		223,287	89,523	15,629	78,116	2,246	706,295

Separate financial statements (continued)

(Unit: Thousand Baht)

	Cost basis							
	Revaluation basis	Land improvement	Building and building improvement	Machinery and equipment	Motor vehicles	Office furniture, fixtures and equipment	Assets under installation and construction in progress	Total
	Land							
Accumulated depreciation								
1 January 2021	-	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	-	-	(2,314)	(100)	(2,652)	(834)	-	(5,900)
31 December 2021	-	256	86,158	63,620	14,701	49,354	-	214,089
Depreciation for the year	-	16	13,901	8,500	1,522	9,228	-	33,167
Depreciation for disposals/write-off	-	-	-	-	(3,957)	(2,214)	-	(6,171)
31 December 2022	-	272	100,059	72,120	12,266	56,368	-	241,085
Net book value								
31 December 2021	256,118	-	111,513	23,424	4,861	20,284	14,956	431,156
31 December 2022	297,046	176	123,228	17,403	3,363	21,748	2,246	465,210
Depreciation for the year								
2021 (Baht 13.2 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)								31,343
2022 (Baht 13.1 million included in cost of sales and services, and the remaining balance in selling and administrative expenses)								33,167

The Company arranged for an independent valuer to appraise the value of land in 2022, using the market approach. The value of land under the revaluation basis is Baht 297.0 million, increasing by Baht 40.9 million. Key assumption used in the valuation is summarised below:

	Land of the Company	Result to fair value when an assumption rate increase
Price per square wah (baht)	13,000 – 70,000	Fair value increase

Had the land been carried in the financial statements based on historical cost, its value as of 31 December 2022 would have been Baht 167.6 million (2021: Baht 167.6).

The subsidiary arranged for the independent valuer to appraise the value of land in 2022, using the market approach. The value of land under the revaluation basis is Baht 297.2 million. Key assumption used in the valuation is summarised below:

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

The subsidiary appraised the fair value of structure as at the transfer date using the book value since such assets were acquired in the current year and they are in normal use condition.

As at 31 December 2022, the subsidiary transferred land and structure with a revaluation value of Baht 297.2 million to investment properties. The subsidiary recorded a net decrease of Baht 1.8 million in value of assets transferred to investment properties in the 2022 income statement.

As at 31 December 2022, certain items of buildings and equipment have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation amounted to Baht 152.9 million (the Company only: Baht 151.4 million) (2021: Baht 158.5 million and the Company only: Baht 147.8 million).

The Company has placed a part of its land with structures thereon as collateral to secure credit facilities granted by banks amounted to Baht 53.2 million (2021: Baht 53.2 million).

15. Land held for development

As at 31 December 2022 and 2021, land held for development with value of Baht 3.2 million was mortgaged as collateral to secure credit facilities granted by banks.

16. Leases

16.1 The Group as a lessee

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

a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land	Buildings	Equipment	Motor vehicle	Total
1 January 2021	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
Additions	-	7,414	-	5,276	12,690
Disposal during the year					
– net book value	-	-	-	(379)	(379)
Depreciation for the year	(216)	(8,644)	(22)	(6,838)	(15,720)
31 December 2022	339	7,033	-	17,779	25,151

(Unit: Thousand Baht)

	Separate financial statements				
	Land	Buildings	Equipment	Motor vehicle	Total
1 January 2021	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
Additions	-	7,414	-	5,276	12,690
Disposal during the year – net book value	-	-	-	(450)	(450)
Depreciation for the year	(216)	(8,644)	(22)	(6,623)	(15,505)
31 December 2022	339	7,033	-	17,694	25,066

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Lease payments	30,178	26,885	30,158	26,746
Less: Deferred interest expenses	(2,028)	(1,812)	(1,933)	(1,801)
Total	28,150	25,073	28,225	24,945
Less: Portion due within one year	(11,718)	(11,122)	(11,552)	(11,005)
Lease liabilities – net of current portion	16,432	13,951	16,673	13,940

Movements of the lease liability account during the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Balance at beginning of year	25,073	26,073	24,945	25,833
Additions	20,185	15,469	20,185	15,469
Accretion of interest	800	914	870	905
Repayments	(17,908)	(17,383)	(17,775)	(17,262)
Balance at end of year	28,150	25,073	28,225	24,945

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	
	2022	2021	2022	2021
Depreciation expenses of right-of-use assets	15,720	14,527	15,505	14,418
Interest expenses on lease liabilities	800	914	870	905
Expenses relating to short-term leases	2,702	2,216	2,702	2,216
Expenses relating to leases of low-value assets	25	149	25	149

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2022 of Baht 20.6 million (2021: Baht 19.8 million) (the Company only: Baht 20.5 million and 2021: Baht 19.7 million), including the cash outflow related to short-term lease and leases of low-value assets.

16.2. Group as a lessorFinance 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	
	2022	2021	2022	2021	2022	2021
Undiscounted lease payments receivables						
under finance leases	4,591	4,501	6,995	2,656	11,586	7,157
Less: Deferred interest income	(438)	(354)	(242)	(192)	(680)	(546)
Investment in the finance leases	4,153	4,147	6,753	2,464	10,906	6,611
Less: Allowance for expected credit losses	-	-	-	-	-	-
Receivables from the finance leases - net	4,153	4,147	6,753	2,464	10,906	6,611

(Unit: Thousand Baht)

	Separate financial statements					
	Current portion of lease receivables		Lease receivables - net of current portion and up to 5 years		Total	
	2022	2021	2022	2021	2022	2021
Undiscounted lease payments receivables						
under finance leases	6,683	4,394	12,084	2,477	18,767	6,871
Less: Deferred interest income	(854)	(331)	(655)	(189)	(1,509)	(520)
Investment in the finance leases	5,829	4,063	11,429	2,288	17,258	6,351
Less: Allowance for expected credit losses	-	-	-	-	-	-
Receivables from the finance leases - net	5,829	4,063	11,429	2,288	17,258	6,351

Operating Lease

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

Future minimum lease payments expected to be received under non-cancellable operating lease as at 31 December 2022 and 2021 are as follows:

(Unit: Million Baht)

	As at 31 December	
	2022	2021
Receivable within:		
1 year	26.2	5.3
2 to 3 years	32.7	-
Total	<u>58.9</u>	<u>5.3</u>

17. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Computer software under installation	Total
Cost			
1 January 2021	25,803	903	26,706
Acquisition	12	-	12
Write-off	(17)	-	(17)
31 December 2021	<u>25,798</u>	<u>903</u>	<u>26,701</u>
Acquisition	397	205	602
Transfer in / transfer out	45	(45)	-
Write-off	-	(950)	(950)
31 December 2022	<u>26,240</u>	<u>113</u>	<u>26,353</u>
Accumulated amortisation			
1 January 2021	24,704	-	24,704
Amortisation during the year	579	-	579
Amortisation of write-off	(17)	-	(17)
31 December 2021	<u>25,266</u>	<u>-</u>	<u>25,266</u>
Amortisation during the year	535	-	535
31 December 2022	<u>25,801</u>	<u>-</u>	<u>25,801</u>
Net book value			
31 December 2021	<u>532</u>	<u>903</u>	<u>1,435</u>
31 December 2022	<u>439</u>	<u>113</u>	<u>552</u>

(Unit: Thousand Baht)

	Separate financial statements		
	Computer software	Computer software under installation	Total
Cost			
1 January 2021	25,408	903	26,311
Acquisition	12	-	12
Write-off	(17)	-	(17)
31 December 2021	25,403	903	26,306
Acquisition	397	205	602
Transfer in / transfer out	45	(45)	-
Write-off	-	(950)	(950)
31 December 2022	25,845	113	25,958
Accumulated amortisation			
1 January 2021	24,432	-	24,432
Amortisation during the year	468	-	468
Amortisation of write-off	(17)	-	(17)
31 December 2021	24,883	-	24,883
Amortisation during the year	523	-	523
31 December 2022	25,406	-	25,406
Net book value			
31 December 2021	520	903	1,423
31 December 2022	439	113	552

18. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated / Separate financial statements	
	2022	2021	2022	2021
Trust receipts	2.55 - 5.85	1.80 - 3.00	260,964	133,193
Promissory notes	5.25 - 5.85	2.63 - 2.77	87,522	29,815
			348,486	163,008

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 as discussed in Notes 13 and 14 to the financial statements.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Trade accounts payable – related parties	147	69	16,090	7,235
Trade accounts payable – unrelated parties	22,331	11,025	15,542	9,856
Other payables – related person and parties	153	–	153	–
Other payables – unrelated parties	97,063	68,792	96,813	68,211
Accrued expenses – related parties	11	65	482	786
Accrued expenses – unrelated parties	84,806	65,576	80,992	64,370
Accrued managements benefits	1,190	1,150	1,190	1,150
Total trade and other payables	<u>205,701</u>	<u>146,677</u>	<u>211,262</u>	<u>151,608</u>

20. Long-term loans from financial institution

(Unit: Thousand Baht)

Loan	Interest rate (percent per annum)	Repayment schedule	Consolidated / Separate financial statements	
			2022	2021
1	MLR – 2.00	Monthly principal and interest installment by Baht 1.49 million	–	16,410
Total			–	16,410
Less: Current portion			–	(16,410)
Long-term loans from financial institutions – net of current portion			–	–

Movements of the long-term loan during the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements
Balance as at 1 January 2021	33,425
Less: Repayments	(17,015)
Balance as at 31 December 2021	16,410
Less: Repayments	(16,410)
Balance as at 31 December 2022	–

Long-term loan with credit facility of Baht 80 million was due for repayment on a monthly basis of 60 periods. The loan was secured by the mortgage of the Company's land and construction thereon.

The loan agreement contained several covenants which, among other things, required the Company to maintain debt-to-equity ratio and debt service coverage ratio.

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	
	2022	2021	2022	2021
Provision for long-term employee benefits at beginning of year	16,778	19,439	16,684	18,734
Included in profit or loss:				
Current service cost	3,275	3,965	3,199	3,913
Interest cost	276	306	273	305
Past service costs	-	(175)	-	(175)
Benefits paid during the year	(232)	(2,383)	(232)	(2,383)
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>20,097</u>	<u>16,778</u>	<u>19,924</u>	<u>16,684</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) (2022: Nil and the Company only: Nil).

As at 31 December 2022, the Group expected to pay long-term employee benefits within the next one year amounting to Baht 0.33 million (the Company only: Baht 0.33 million) (2021: Nil and the Company only: Nil).

As at 31 December 2022 and 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).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Discount rate	1.64 and 2.86	1.64 and 2.86	1.64	1.64
Salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate	14.00 – 52.00	14.00 – 52.00	14.00 – 52.00	14.00 – 52.00

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below:

(Unit: Million Baht)

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

(Unit: Million Baht)

	2021			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rates	(1,239)	1,394	(1,225)	1,377
Salary increase rate	1,334	(1,213)	1,317	(1,199)
Turnover rates	(522)	585	(515)	576

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

During the third quarter of 2021, the Company received payment from a former subsidiary. The payment consisted 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, totaled Baht 202.3 million. The receipt of bad debt repayment and amount received to compensate losses was 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 third quarter of 2021.

23. Income tax

Income tax expenses for the years ended 31 December 2022 and 2021 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Current income tax				
Current income tax charge	76,617	73,996	76,324	73,831
Adjustment in respect of income tax of previous year	(240)	-	(240)	-
Deferred tax				
Relating to origination and reversal of temporary differences	8,133	(1,782)	8,133	(1,702)
Income tax expenses reported in profit or loss	<u>84,510</u>	<u>72,214</u>	<u>84,217</u>	<u>72,129</u>

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2022 and 2021 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Deferred tax on change in revaluation surplus of asset	8,185	-	8,185	-
Deferred tax on actuarial gains	-	875	-	742
Total	<u>8,185</u>	<u>875</u>	<u>8,185</u>	<u>742</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Accounting profit before tax	409,906	364,895	412,124	385,875
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	81,981	72,979	82,425	77,175
Adjustment in respect of income tax of previous year	(240)	(62)	(240)	(62)
Effects of:				
Non-deductible expenses	3,261	465	3,255	458
Tax exemption income	-	-	-	(3,304)
Additional deductible expenses allowed	(1,426)	(2,323)	(1,223)	(2,138)
Tax losses	866	209	-	-
Share of profit from investments in joint venture and associate	(221)	(93)	-	-
Tax effect of intercompany eliminations	289	1,039	-	-
Total	2,769	(703)	2,032	(4,984)
Income tax expense reported in profit or loss	84,510	72,214	84,217	72,129

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Deferred tax assets				
Allowance for expected credit losses	579	820	579	820
Allowance for diminution in value of inventories	9,100	8,226	8,842	8,078
Provision for long-term employee benefits	3,876	3,356	3,841	3,337
Lease	2,461	2,337	2,461	2,337
Provision of right to return goods	5,481	6,493	5,481	6,493
Total	21,497	21,232	21,204	21,065
Deferred tax liabilities				
Surplus in fair value of investment properties	28,715	21,675	28,715	21,675
Surplus on revaluation of land	25,882	17,696	25,882	17,696
Surplus of fair value of investment properties transferred to land and building	3,152	3,444	3,152	3,444
Lease	3,539	1,766	3,539	1,766
Goods expected to be returned by customers	2,058	2,308	2,058	2,308
Total	63,346	46,889	63,346	46,889
Deferred tax liabilities – net	(41,849)	(25,657)	(42,142)	(25,824)
Presented in the statements of financial position as follows:				
Deferred tax assets	293	167	–	–
Deferred tax liabilities	(41,142)	(25,824)	(42,142)	(25,824)
Net deferred tax liabilities	(41,849)	(25,657)	(42,142)	(25,824)

As at 31 December 2022, the subsidiary had unused tax losses totaling Baht 8.4 million (2021: Baht 4.1 million), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the subsidiary amounting to Baht 8.4 million (2021: Baht 4.1 million) will expire by 2027 (2021: 2026).

24. Finance income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	20220
Interest income on bank deposits	29	72	26	69
Interest income on loans	44	216	547	286
Interest income on leases	311	500	516	500
Others	–	9	–	9
Total	384	797	1,089	864

25. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Interest expenses on borrowings	12,439	5,635	12,301	5,536
Interest expenses on lease liabilities	800	914	870	905
Others	1,305	1,156	1,296	1,146
Total	14,544	7,705	14,467	7,587

26. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Salaries and wages and other employee benefits	268,777	261,882	248,867	227,570
Depreciation	53,676	48,708	48,672	45,761
Amortisation	535	580	523	468
Loss on expected credit losses (reversal)	802	(4,116)	713	(4,050)
Advertising and sales promotion expenses	115,554	75,901	115,554	75,901
Loss on cost reduction of inventories to net realisable value	4,365	637	3,817	293
Rental expenses from operating lease agreements	2,702	2,365	2,702	2,365
Raw materials and consumables used	957,750	574,662	957,473	570,131
Purchase of goods	944,416	573,915	1,068,437	660,418
Changes in finished goods and work in process	85,282	(22,190)	85,975	(22,185)

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 Paid

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2021	Annual General Meeting of the shareholders on 25 April 2022	52,800	0.06
Interim dividends for:			
First quarter of 2022	Board of Directors' meeting on 13 May 2022	52,800	0.06
Second quarter of 2022	Board of Directors' meeting on 11 August 2022	44,000	0.05
Third quarter of 2022	Board of Directors' meeting on 14 November 2022	61,598	0.07
Total dividends for 2022		<u>211,198</u>	<u>0.24</u>
Final dividends for 2020	Annual General Meeting of the shareholders on 22 April 2021	35,200	0.04
Interim dividends for:			
First quarter of 2021	Board of Directors' meeting on 13 May 2021	35,200	0.04
Second quarter of 2021 and retained earnings	Board of Directors' meeting on 11 August 2021	35,199	0.04
Third quarter of 2021	Board of Directors' meeting on 14 November 2021	35,198	0.04
Total dividends for 2021		<u>140,797</u>	<u>0.16</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
- Warehouse for rental
- Investment properties and distribution of by-products and agriculture (2022: Agriculture)

As at 31 December 2022, the chief operating decision maker decided to change name of segment from agriculture segment to Investment properties and distribution of by-products and agriculture segment to be consistent with current business operations and reports of the Group. Changing in segment name had no effect on the basis for measuring operating profit or loss, total assets and total liabilities in the financial statements.

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

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

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

Revenue, profit, total assets and total liabilities information regarding the Group's operating segments for the years ended 31 December 2022 and 2021, are as follow:

(Unit: Thousand Baht)						
	Year ended 31 December 2022	Manufacture and distribution of consumer products	Warehouse for rental	Investment properties and distribution of by-products and agriculture	Adjustments and eliminations	Total
Revenue from external customers		1,838,662	24,907	106	-	1,863,675
Cost of sales		(954,303)	(97)	(141)	-	(954,541)
Segment gross profit (loss)		884,359	24,810	(35)	-	909,134
Other income		6,017	-	5,465	-	11,482
Selling and administrative expenses		(523,863)	-	(7,189)	-	(531,052)
Gain on increase in fair value of investment properties		-	35,200	-	-	35,200
Loss on decrease in value of properties transferred to investment properties		-	-	(1,803)	-	(1,803)
Share of profit from investments in joint venture and associate		1,105	-	-	-	1,105
Finance income		384	-	-	-	384
Finance cost		(14,467)	-	(77)	-	(14,544)
Income tax expense		(72,508)	(12,002)	-	-	(84,510)
Segment profit (loss)		281,026	48,008	(3,699)	-	325,395
Segment total assets		1,657,439	156,900	305,380	-	2,122,719
Investments in joint venture and associate accounted for under equity method		182,209	-	-	-	182,209
Additions to non-current assets other than financial instruments and deferred tax assets		33,679	35,200	272,930	-	341,809
Segment total liabilities		799,975	-	56,948	(98,000)	757,923

(Unit: Thousand Baht)					
Year ended 31 December 2021					
	Manufacture and distribution of consumer products segment	Warehouse for rental	Agriculture	Adjustments and eliminations	Total
Revenue from external customers	1,269,888	21,170	9	-	1,291,067
Cost of sales	(672,917)	(168)	(1)	-	(673,086)
Segment gross profit (loss)	596,971	21,002	8	-	617,981
Other income	9,622	-	(76)	-	9,622
Dividend income	246	-	-	-	146
Income from bad debt repayment and amount received to compensate losses	202,302	-	-	-	202,302
Selling and administrative expenses	(457,231)	-	(881)	-	(458,112)
Loss on decrease in fair value of investment properties	-	(700)	-	-	(700)
Share of profit from joint venture and associate	464	-	-	-	464
Finance income	797	-	-	-	797
Finance cost	(7,606)	-	(99)	-	(7,705)
Income tax expense	(68,154)	(4,060)	-	-	(72,214)
Segment profit (loss)	277,412	16,242	(973)	-	292,681
Segment total assets	1,526,195	121,700	66,935	-	1,714,830
Investments in joint venture and associate accounted for under equity method	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
Segment total liabilities	522,987	-	51,774	(21,000)	563,671

Geographic information

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

Major customers

In the year 2022, the Group has revenue from a group of customers in the amount of Baht 341 million, arising from sales by the manufacture and distribution of consumer products segment (2021: Baht 294 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 a rate of 2 percent of basic salary. The fund, which is managed by SCB Asset management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions of the Group for the year 2022 amounting to Baht 1.92 million (the Company only: Baht 1.85 million) (2021: Baht 1.75 million and the Company only: Baht 1.68 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	
	2022	2021
Payable within:		
Within 1 year	17.7	7.7
Over 1 and up to 3 years	14.9	1.5

33.2 Capital commitments

As at 31 December 2021, the Group had commitments related to the purchases of land, the construction of buildings and the purchases of machinery, equipment, and computer software, amounting to Baht 209.7 million (the Company only: Baht 10.1 million) (2022: Nil and the Company only: Nil)

33.3 Bank guarantees

As at 31 December 2022 and 2021, 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.

33.4 Litigation

On 21 August 2022, a warehousing and logistics management service provider filed a lawsuit against the Company with the Civil Court, demanding payment for damages of Baht 43.36 million because the Company did not pay for warehouse service payables for the period from April 2021 to September 2021 and damages arising from the unlawful termination of the agreement. Subsequently on 31 August 2022, the Company filed a testimony and counterclaim on the grounds demanding payment for damages of Baht 30.61 million because the Company did not breach the agreement. Currently, mediation for the lawsuit is being scheduled. The management believes that the Company is unlikely to pay for damages of material amount. Therefore, the Company does not record an additional provision for contingent liabilities arising from such litigation except the related service fee previously recorded of Baht 2.3 million in 2021.

34. Fair value hierarchy

As at 31 December 2022 and 2021, 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 2022			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	454,108	454,108
Land	-	-	297,046	297,046

(Unit: Thousand Baht)

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

(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

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. 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 2022 and 2021, 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 2022 and 2021, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Currency	Financial assets		Financial liabilities		Average exchange rate	
	2022	2021	2022	2021	2022	2021
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	1.76	3.77	34.5624	33.4199
JPY	0.06	0.06	-	-	0.26091	0.2906
CNY	-	-	0.71	-	4.9664	5.2507

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 2022 and 2021. 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	2022		2021	
	Increase/Decrease	Effect on profit before tax	Increase/Decrease	Effect on profit before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
US Dollar	+10	(6,104)	+10	(12,660)
	- 10	6,104	- 10	12,660

Interest rate risk

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

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

As at 31 December 2022 and 2021, 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 2022						
	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	0.25 - 0.35	-	-	10	18	28
Trade and other receivables	-	-	-	-	412	412
Lease receivables	5.56 - 10.72	4	7	-	-	11
		<u>4</u>	<u>7</u>	<u>10</u>	<u>430</u>	<u>451</u>
Financial liabilities						
Short-term loans from financial institutions	2.55 - 5.85	348	-	-	-	348
Trade and other payables	-	-	-	-	206	206
Short-term loans from related parties and persons	2.00	22	-	-	-	22
Lease liabilities	1.39 - 3.53	12	16	-	-	28
		<u>382</u>	<u>16</u>	<u>-</u>	<u>206</u>	<u>604</u>

(Unit: Million Baht)

Consolidated 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	-	-	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						
Short-term loans from financial institutions	1.80 - 3.00	163	-	-	-	163
Trade and other payables	-	-	-	-	147	147
Share subscription payable from 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)

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

(Unit: Million Baht)

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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 2022 and 2021.

Currency	2022		2021	
	Increase/Decrease	Effect on profit before tax	Increase/Decrease	Effect on profit before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Baht	-	-	+10	(57)
	-	-	-10	57

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 90% of the Group's debt will mature in less than one year at 31 December 2022 (2021: 90%) (the Company only: 89% and 2021: 89%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its 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 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

	Consolidated financial statements 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
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	<u>56,332</u>	<u>339,417</u>	<u>13,951</u>	<u>-</u>	<u>409,700</u>

(Unit: Thousand Baht)

	Separate financial statements 31 December 2022				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans from financial institutions	-	348,486	-	-	348,486
Trade and other payables	-	211,262	-	-	211,262
Share subscription payable from investments in subsidiary	8,300	-	-	-	8,300
Lease liabilities	-	11,552	16,673	-	28,225
Total	<u>8,300</u>	<u>571,300</u>	<u>16,673</u>	<u>-</u>	<u>596,273</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
Short-term loans from financial institutions	-	163,008	-	-	163,008
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>

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 2022, the Group's debt-to-equity ratio was 0.6:1 (2021: 0.5:1) and the Company's was 0.6:1 (2021: 0.5:1).

37. Events after the reporting periodDividends paid

On 24 February 2023, the Company's Board of Directors meeting passed a resolution approving to pay a dividend for 2022 of Baht 228.8 million (880 million ordinary shares at Baht 0.26 each) to its shareholders. After deducting the interim dividends of Baht 158.4 million (880 million ordinary shares at Baht 0.18 each), the final dividend is Baht 70.4 million (880 million ordinary shares at Baht 0.08 each). This will be proposed to the Annual General Meeting of Shareholders on 24 April 2023 for consideration and approval. Payments of dividend will be made on 23 May 2023.

Investment in an entity

On 8 February 2023, the establishment meeting of KMGI Company Limited passed a resolution to incorporate the company with a registered share capital of Baht 1 million (100,000 ordinary shares of Baht 10 each). The Company acquires 50% in registered capital of this company.

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 2023.

PART 4

CERTIFICATION OF INFORMATION


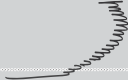



Part 4 CERTIFICATION OF INFORMATION

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 2022 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 Miss. Suwannee Tharacheevin to sign on every page of the documents, and the absence of the authorized signature of Miss. 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 Miss. Suwannee Tharacheevin	Assistant Managing Director of Accounting Division	

PART 5

ATTACHMENTS



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









Mr. Wiwat Theekhakhirikul*

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

Age (Year) 70

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

Educational Background	Mining Engineering, Chulalongkorn University, Commencement Year 1974 Bachelor of Political Sciences Major in Political, Ramkhamhaeng University Year 2002 National Defense College Class 2004
Special Course	Advanced Certificate in Public Economic Management for Executives [Gen.1] - King Prajadhipok's Institute
Family Relationship between Directors and Executives	1. Father of <ol style="list-style-type: none"> 1.1 Mr. Wongwiwat Theekhakhirikul, Director and Assistant Managing Director of Business Development Division 1.2 Mrs. Chonthida Sathawornwicht, Assistant Managing Director of Marketing Division1 1.3 Mr. Pongwiwat Theekhakhirikul, Assistant Managing Director of Marketing Division2, and Head of Product Development Department 2. Uncle of Mr. Parit Teekakirikul
Experiences	2020 - Present Director of Pa Donphutsa Co.,Ltd. 2016 - Present Director of The Iconic Property Charan sanit wong13 Co.,Ltd. 2016 - Present Director of The Iconic Property Phetkasem Co.,Ltd. 2016 - Present Director of Bangwaek Condominium Co.,Ltd. 2014 - Present Director of The Iconic Property Co.,Ltd. 2013 - Present Chief Executive Officer of Karmarts Public Co.,Ltd. 2004 - Present Chairman of the board of Karmarts Public Co.,Ltd. 1982 - 2012 Managing Director of Karmarts Public Co.,Ltd.
Being member of the Board or Executive Officer in other companies	1. Listed Companies in the Stock Exchange of Thailand - None - 2. Non-Listed Companies: 5 companies
Being member of other organization that may present any conflict of interest to or competition with the Company	- None -



Lt.Gen. Kobboon Vichit

Position
Independent Director, Chairman
of the Audit Committee

Age (Year) 76

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

**Family Relationship between
Directors and Executives** – None –

Experience

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

Being member of the Board or Executive Officer in other companies

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

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



Mr. Kraiwit Satayapiwat*

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

Age (Year) 66

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

Educational Background Bachelor of Engineering Major in Mechanical, Chulalongkorn University

**Family Relationship between
Directors and Executives** - None -

Experience

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

Being member of the Board or Executive Officer in other companies

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

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



Mr. Prasit Dheeraratbongkot

Position
Independent Director and Audit
Committee

Age (Year) 68

Educational Background Bachelor of Engineering (Electrical Engineering), Chulalongkorn University
Directors Certification Program (DCP62) Thai Institute of Directors

**Family Relationship between
Directors and Executives** – None –

Experience

2021 – Present	Director of Equator Solar Capital Co., Ltd.
2015 – Present	Chairman of the Audit Committee and Independent Director RPOG Public Co.,Ltd.
2008 – Present	Director of Karmarts Public Co.,Ltd.
2008 – 2012	Director of SCT Sahapan Co.,Ltd.
1997 – Present	Managing Director of Puregreen Co.,Ltd.
2005 – 2017	Advisor of Siamrajathanee Co.,Ltd
1995 – 1997	Project Director of Petrochen (Thailand) Co.,Ltd

Being member of the Board or Executive Officer in other companies

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

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

– None –



Puttithorn Jirayus, PhD

Position
Independent Director and Audit
Committee

Age (Year) 47

Educational Background

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

Family Relationship between

Directors and Executives – None –

Experience

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.

Being member of the Board or Executive Officer in other companies

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

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

– None –



Mr. Wongwiwat Theekhakhirikul*

Position
Director and Assistant Managing
Director of Business Development
Division

Age (Year) 40

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

Educational Background Bachelor of Engineering, Chulalongkorn University

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

Experience

2014 – Present	Director of J Kos Laboratories Co.,Ltd
2011 – Present	Director of Karmarts Public Co.,Ltd.
2010 – 2011	Business Development Director of Karmarts Public Co.,Ltd.
2008 – 2009	Business Development Manager of Karmarts Public Co.,Ltd.
2007	Director of KONTHAI TODAY Co.,Ltd.

Being member of the Board or Executive Officer in other companies

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

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



Mr. Parit Teekakirikul

Position
Director

Age (Year) 40

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

**Family Relationship between
Directors and Executives** Nephew of Mr. Wiwat Theekhakirikul

Experience

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

Being member of the Board or Executive Officer in other companies

1. Listed Companies in the Stock Exchange of Thailand – None –
2. Non-Listed Companies: 5 companies

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



Mr. Seah Sin Loo

Position
Director

Age (Year) 72

Educational Background Secondary

**Family Relationship between
Directors and Executives** – None –

Experience

Overs 20 years of experience in the importation and exportation of electrical appliance
2001 – Present Director of Karmarts Public Co.,Ltd.

Being member of the Board or Executive Officer in other companies

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

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



Mr. Kattanant Yaphanich

Position
Director

Age (Year) 40

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

**Family Relationship between
Directors and Executives** – None –

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	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	Lawyer Clerk of Zeus Consultant & Management Co.,Ltd.
2006 – 2007	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

Special Training 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 Office 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

Being member of the Board or Executive Officer in other companies
1. Listed Companies in the Stock Exchange of Thailand – None –
2. Non-Listed Companies: 4 companies

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



Mrs. Tussanee Auncharoen

Position
Deputy Managing Director of
Accounting and Finance Division

Age (Year) 62

- **Educational Background** Bachelor of Education (B.Ed.), Major Mathematics, Sri Nakharinwirot University
Bachelor of Business Administration Major General Management, Sukhothai Thammathirat University
- **Special course** Corporate Finance Gen. 2/2019, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- **Family Relationship between Directors and Executives** — None —
- **Being member of the Board or Executive Officer in other companies**
 - 1. Listed Companies in the Stock Exchange of Thailand — None —
 - 2. Non-Listed Companies — None —
- **Being member of other organization that may present any conflict of interest to or competition with the Company** — None —



Mrs. Chonthida Sathawornwichit

Position
Assistant Managing Director of
Marketing Division 1

Age (Year) 42

Educational Background MBA Major in Marketing at Sasin Graduate Institute of Business Administration of Chulalongkorn University
Bachelor of Accounting Faculty of Commerce and Accountancy Chulalongkorn University

**Family Relationship between
Directors and Executives:** Daughter of Mr. Wiwat Theekhakhirikul

Being member of the Board or Executive Officer in other companies

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

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



Miss. Suwannee Tharacheevin

Position
Assistant Managing Director of
Accounting Division

Age (Year) 58

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

**Family Relationship between
Directors and Executives** — None —

Being member of the Board or Executive Officer in other companies
1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies — None —

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



Mrs. Aunruen Arunvisavakul

Position
Assistant Managing Director of
Warehouse and Logistic Division

Age (Year) 64

Educational Background Bachelor of Liberal Arts Major Management, Bansomdejchaopraya Rajabhat University

**Family Relationship between
Directors and Executives** — None —

Being member of the Board or Executive Officer in other companies

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

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



Mr. Pongwiwat Theekhakhirikul

Position
Assistant Managing Director of
Marketing Division2 and Head of
Product Development Department

Age (Year) 39

Educational Background Bachelor of Architecture, Chulalongkorn University

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

Being member of the Board or Executive Officer in other companies

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

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



Miss. Siriphorn Chantharaphiphat

Position
Assistant Managing Director of
Marketing Division3

Age (Year) 45

Educational Background Master of Business Administration, Major Market Management, Assumption University
The Postgraduate Certificate of Management (PCM), Australian National University
Bachelor of Business Administration, Major Market Management, Thammasat University

**Family Relationship between
Directors and Executives** — None —

Being member of the Board or Executive Officer in other companies
1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies — None —

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



Mrs. Somsri Viriya

Position
Accounting Director

Age (Year) 54

Educational Background Bachelor of Business Administration Major in Accounting, Sukhothai Thammathirat University

**Family Relationship between
Directors and Executives** — None —

Being member of the Board or Executive Officer in other companies

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

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



Mr. Satjapong Yongskulrote

Position
Business Development
Director – Information Technology

Age (Year) 40

Educational Background Bachelor of Engineering, Chulalongkorn University

**Family Relationship between
Directors and Executives** – None –

Being member of the Board or Executive Officer in other companies

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

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



Ms. Wei Xiuqing

Position
Business Development
Director

Age (Year) 39

Educational Background Business IT and Law, Nanyang Technological University

**Family Relationship between
Directors and Executives** — None —

Being member of the Board or Executive Officer in other companies

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

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



Miss Nattanan Muansing

Position
Sales Operation Director of
Modern Trade – Convenience
Store

Age (Year) 39

- **Educational Background** Bachelor of Applied Science Major Bio Industrial, King Mongkut's University of Technology North Bangkok.
- **Family Relationship between Directors and Executives** — None —
- **Being member of the Board or Executive Officer in other companies**
1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies — None —
- **Being member of other organization that may present any conflict of interest to or competition with the Company**
— None —



Miss Phatchara Sivipapong

Position
Marketing Director

Age (Year) 39

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

**Family Relationship between
Directors and Executives** — None —

Being member of the Board or Executive Officer in other companies
1. Listed Companies in the Stock Exchange of Thailand — None —
2. Non-Listed Companies — None —

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



Miss Seetala Kimsroi

Position
Product Development Director

Age (Year) 42

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

**Family Relationship between
Directors and Executives** — None —

Being member of the Board or Executive Officer in other companies

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

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

Roles and Responsibility of Corporate Secretary

The Board of Directors has resolved the appointment of Miss Suwannee Tharacheevin as the corporate secretary. 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, the Board's resolution as well as the resolution of shareholders. The duties and responsibilities of the corporate secretary are elaborated as follows:

1. To prepare and safekeep important documents as follow:
 - Registration of members of the Board
 - Notice and minutes of the Board's meetings
 - Annual report of the Company
2. To report the Board of Directors and shareholders' interests as well as conflict of interests
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

Report on Securities Holding of Directors and Executives as on March 13, 2023

No.	Name	Shareholding (shares)	Percentage of shareholding
1	Mr. Wiwat Theekhakhirikul	204,083,788	23.191
2	Lt.Gen. Kobboon Vichit	17,000	0.002
3	Mr. Kraiwit Satayapiwat	28,000	0.003
4	Mr. Prasit Dheeraratbongkot	25,200	0.003
5	Puttithorn Jirayus, Ph.D.	25,200	0.003
6	Mr. Wongwiwat Theekhakhirikul	2,184,620	0.248
7	Mr. Parit Teekakirikul	33,025,200	3.75
8	Mr. Seah Sin Loo	25,200	0.003
9	Mr. Kattanant Yaphanich	—	—
10	Mrs. Tussanee Auncharoen	259,866	0.030
11	Mrs. Chonthida Sathawornwichit	675,100	0.077
12	Miss. Suwannee Tharacheevin	25,200	0.003
13	Mrs. Aunruen Arunvisavakul	25,200	0.003
14	Mr. Pongwiwat Theekhakhirikul	535,200	0.061
15	Miss. Siriphorn Chanthraphiphat	—	—
16	Mrs. Somsri Viriya	19,200	0.002
17	Mr. Satjapong Yongskulrote	43,200	0.005
18	Ms. Wei Xiuqing	—	—
19	Miss Nattanan Muansing	19,200	0.002
20	Miss Phatchara Sivipapong	—	—
21	Miss Seetala Kimsroi	—	—

Details of Management and Authorized Person

Company Name	Karmarts Public Co.,Ltd.	Subsidiary			Associates	Subsidiary of the Associates	Related Company
		J Kos Laboratories Co.,Ltd.	Pa Donphutsa Co.,Ltd.	KJF GLOBAL Co.,Ltd.	The Iconic Property Co.,Ltd.	The Iconic Property Professional Bangkok Condominium The Iconic Property Shutter Saint 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. Puttiethorn Jirayus, PhD	/						
6. Mr. Parit Teekakirikul	/				/ , //, X	/ , //, X	
7. Mr. Wongwiwat Theekhakhirikul	/ , //	/		/			
8. Mr. Seah Sin Loo	/						
9. Mr. Kattananant 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

Companies Board of Directors	Subsidiary			Associates
	J Kos Laboratories	Pa Donphutsa	KJF GLOBAL	The Iconic Property
1. Mr. Wongwiwat Theekhakhiriku	/		/	
2. Mr. Kraiwit Satayapiwat	/			
3. Ms. Runglawan Wiboonkiat	/			
4. Mr. Uthen Pattananiphol	/			
5. Mr. Wiwat Theekhakhirikul		/		/
6. Mr. Chayut Udomcharoenchaikit		/		/
7. Mr. Kanisorn Oonjittikul			/	
8. Mr. Parit Teekakirikul				/



DETAILS OF HEADS OF INTERNAL AUDIT AND COMPLIANCE DEPARTMENTS

Miss. Kanokorn Siriarunporn

Position
Internal Audit Manager/
Secretary of Audit Committee

Age (Year) 50

Educational Background	Bachelor of Accountancy (Accounting), Bangkok University
Special course	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 (x)	- As at March 13, 2023
Family Relationship of Directors and Executives	- None -
Experience	2019 - Present Internal Audit Manager of Karmarts Pub Co., Ltd. 2004 - 2019 Internal Audit Supervisor of Supara Co., Ltd. 1999 - 2002 Internal Audit Officer of Lanna Resources Pub Co., Ltd. 1995 - 1999 Accounting officer of Lanna Resources Pub Co., Ltd.

ASSETS FOR BUSINESS UNDERTAKING AND DETAILS OF ASSET APPRAISAL

Fixed Assets and Company Lease

Type of Property	Type of Ownership	Carrying Amounts (THB)	Obligation
1. Construction in Progress			
- Office and factory	Owner	2,246,951.99	
2. Land Improvements			
- Office		175,810.30	
3. Land			
- Land (road part) Title Deed No. 621 - 1 Rai - Ngan 25.9 Square Wa 140 Moo 4 Mapyangporn, Pluak Daeng, Rayong	Owner	541,100.55	
- Land with factory Title Deed No. 5474 – 5476 - 14 Rai - Ngan 70.10 Square Wa 140/1 Moo 4 Mapyangporn, Pluak Daeng, Rayong	Owner	73,711,300.00	*
- Land with office Title Deed No. 3133, 30577, 51607, 51609, 59735, 66594 and 12891 - 2 Rai 2 Ngan 29 Square Wa 81-81/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	66,885,000.00	*
- Land with factory in Bangkok Title Deed No. 57480 – 57483 - 1 Rai 1 Ngan 4 Square Wa 261/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	35,280,000.00	*
- Land as car park - 2 Ngan 45 Square Wa Title deeds no.13611, 21158 – 59 and 64699	Owner	9,310,000.00	*
- Land with factory and car park - in Bangkok 83 Square Wa Title deeds no. 57469 and 142036 – 38	Owner	5,478,000.00	
- Land 129 Square Wa 270/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	8,385,000.00	
- Land Title Deed No. 57475, 57477 – 57479, 82698, 82699, 151608 and 151609 - 3 Rai 60.90 Square Wa 265/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok (Building A, B)	Owner	79,436,700.00	
- Land 120 Square Wa Title deeds no. 57381 House no. 117 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	7,920,000.00	
- Land as car park 153 Square Wa Title deeds no. 56835 – 36	Owner	10,098,000.00	
Grand Total Value of Land		297,045,100.55	

Remark: * Mortgaged assets are used as loan collateral for both short and long-term commercial lending.

Assets for Business Undertaking (continued)

Type of Property	Type of Ownership	Carrying Amounts (THB)	Obligation
4. Land Improvements and Building		14,985,039.61	
5. Building			
5.1 Office (Title Deed No. 3133, 30577, 51607, 51609, 59735, 66594 and 12891) 81-81/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok		3.00	*
5.2 Factory and Warehouse Title Deed No. 5474 – 5476 140 Moo 4 Mpyangporm Pluak Daeng, Rayong		23,707,736.44	*
5.3 5-Story Office Building 261/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	38,835,027.90	*
5.4 3-Story Office Building 270/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	6,291,065.38	
5.5 3-Story Warehouse Building (A Building) 265/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	16,944,026.65	
5.6 Warehouse Building (B Building) 265/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok	Owner	18,463,008.29	
5.7 Condominium 66/456 Floor 24 77.47 Square meter	Owner	4,002,401.50	
Total Value of Buildings		108,243,269.16	
6. Machinery and Equipment	Owner	38,745,493.26	
140, 140/1 Moo 4 Mpyangporm, Pluak Daeng, Rayong 81-81/1 Phetchakasem 54 Yak 3 Phasi Charoen, Bangkok			
7. Motor Vehicles	Owner	21,462,271.44	
8. Right-of-Use Assets (ROU)	Owner	7,372,086.14	
Grand Total Value of Assets		490,276,022.45	

Remark: * Mortgaged assets are used as loan collateral for both short and long-term commercial lending.

Real Estate Investment

Type of Property	Type of Ownership	Carrying Amounts (THB)	Obligation
1. Land			
- Land with factory 19 Rai - Ngan 29.10 Square wa 140 Moo 4 Mapyangporn, Pluak Daeng, Rayong	Owner	101,169,120.00	*
Total Value of Land		<u>101,169,120.00</u>	
2. Building			
Factory and Office building 140 Moo 4 Mapyangporn, Pluak Daeng, Rayong	Owner	55,730,880.00	*
Total Value of Buildings		<u>55,730,880.00</u>	
Grand Total of Real Estate Investment		<u>156,900,000.00</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 247.72 million as of 31 December, 2022 as collateral for short and long-term commercial lending. Concurrently, real estate investments with net value totaling THB 156.90 million as of 31 December, 2022 have been applied as collateral for short and long-term line of credit as well.

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 2022 to optimize business processes and offering efficient management for improving accuracy and effectiveness of internal communication. All in, Net Intangible Assets as of 31 December, 2022 totaled THB 551,674.23

Date of Valuation	Type of Asset	Quantity (Unit)	Estimated Total Value (THB)	Purpose of Valuation	Asset Valuation Company	Chief Appraiser
25/12/22	Land with Structure			To determine the current value of a Company's assets	Powerland Plus Appraisal Co., Ltd.	Mr. Dumras Chaolert Valuation senior analyst No. 297
	Group 1					
	Lands (2) Title Deed No. 5472 and 19999					
	Total Land Size 19-0-29.1 Rai (7,629.1 Square Wa)		101,169,120			
	Total Land Size and Value	7,629.1 sq. wa	101,169,120			
	Building: 5 Buildings					
	1. Factory and office with mezzanine No.140 Village No. 4	1	50,272,707			
	2. Canteen and office	1	5,284,229			
	3. Guard booth (No.1)	1	20,395			
	4. Guard booth (No.2)	1	24,242			
25/12/22	5. Single storey warehouse	1	129,307			
	Total Assets	5	55,730,880			
	Total Assets of Group 1 determined by income approach		156,900,000			
	Land with Structure					
	Group 2					
	2.1 Lands (6) Title Deed No. 3193, 30577, 51607, 56735, 66594, and 128910 Total Land Size 2 – 1 – 10.0 Rai	910.0 sq. wa	66,885,000			
	2.2 Lands (3) Title Deed No. 5474, 5475, and 5476 Total Land Size 14 – 0 – 70.1 Rai	5,670.1 sq. wa	73,711,300			
	2.3 Lands (4) Title Deed No. 13611, 21158, 21159, and 64699 Total Land Size 0 – 2 – 45.0 Rai	245.0 sq. wa	9,310,000			
	2.4 Lands (4) Title Deed No. 57480 – 57483 Total Land Size 1 – 1 – 4.0 Rai	504.0 sq. wa	35,280,000			
	2.5 Lands (4) Title Deed No. 57469 and 142036 – 38 Total Land Size 0 – 0 – 83.0 Rai	83.0 sq. wa	5,478,000			
25/12/22	2.6 Lands (3) Title Deed No. 49731 – 32 and 50637 Total Land Size 0 – 1 – 29.0 Rai	129.0 sq. wa	8,385,000			
	2.7 Lands (8) Title Deed No. 57475, 77 – 79, 82698 – 99, and 151608 – 9 Total Land Size 3 – 0 – 60.4 Rai	1,260.4 sq. wa	79,436,700			
	2.8 Land 120 Sq. wa Title Deed No. 57381 117 Phetchakasem 54 Yak 3 Phasi charoen, Bangkok		7,920,000			
	2.9 Land as car park 153 Sq. wa Title Deed No. 56835 – 36		10,098,000			
	Total Land Size and Value	Insert total land size	296,504,000			

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. In 2022, the Board held a total of 5 regular meetings.

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 2022, 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 2022

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. Putthithorn Jirayus, Ph.D. | Audit Committee Member |

With Miss. 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 corroborate that the management team carried out responsibilities in an ethical and truthful manner.

The summary of major duties performed in 2022 is as follows:

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 credibility both quarterly and yearly in 2022. The said set of financial documents were also subsequently, and in entirety, audited and certified by the Auditor Certified Public Accountant (EY Office Limited). The accounting executives held regular and prompt joint discussions with the Auditor in regards to 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 compliance with generally accepted accounting rules and standards and disclosed in a timely fashion.

Furthermore, the Audit Committee held one meeting with the external auditors without the involvement of the Company's management to promote open communication on issues arising 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 sufficient accuracy in accordance with accounting and financial standards and disclosure of information was made in a timely and consistent manner.

2. Review of business transactions – The Audit Committee examined and evaluated business transactions, ensuring that the Executive Committee's decisions adhered to the principles of good corporate governance. It was also validated that transactions were made according to the regulations of Terms and Conditions of Trade which are stated in the financial statements and footnotes. In addition, the Audit Committee also ascertained that no conflict of interest was present.

3. Review of compliance with legal framework and regulations of SEC and SET, as well as other related law and good corporate governance frameworks – The Audit Committee evaluated guidelines and ascertained the Company practiced principles of good corporate governance.

4. Review of internal audit practices – The Audit Committee assessed the effectiveness of the internal audit department and assured compliance to limitation of performance rights and independence to perform duties and approved work plans. Manpower of the Audit Office was also examined to ensure efficiency resulting in effective audit plans that cover all significant aspects of the Company's operations.

In 2022, 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 fashion within the dynamic business environment and amidst any form of business disruption.

The Audit Committee is of the opinion that the Company's internal control and audit system is appropriate, sufficient, and effective, thereby facilitating the achievement of all objectives of Internal Audit.

5. Assessment of Risk Management – The management team identified and analyzed potential risks that could have an impact on the Company's operations through regular quarterly meetings focusing on operational planning and standard setting for risk management and control. The following are key risks found during the process:

- 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
- 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 conclusion, the Audit Committee asserts that the Company has implemented adequate, sufficient and effective risk management processes.

6. Review of ESG management system – Environmental Social Governance (ESG) is a set of standards focusing on environmental, social and governance issues with the aim to conduct business that creates sustainable, long-term shareholder, employee, consumer and societal values. Recognizing the increasing importance of ESG, the Company partook in sustainability efforts through the establishment of the subsidiary Pa Donphutsa Co., Ltd., which engages in innovative and green business practices.

The Audit Committee is of the view that the Company has successfully practiced ESG strategies, which are essential for corporate performance and long-term competitiveness. What's more, both national and international companies started to focus on ESG implementation as it shapes the present and future of business perspectives.

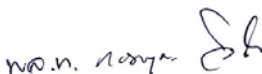
7. Review of internal control system – The Audit Committee continued to accord great priority to suggested improvements on internal control system as well as audit plan from external and internal audit managers. The Company approached and applied the regulations of The Committee of Sponsoring Organization of the Treadway Committee (COSO) 2013, and the Audit Committee opines, based on above-mentioned points (1 to 6), that the Company has executed appropriate, adequate and independent internal control systems. In addition to common audit matters, another significant challenge that surfaced in 2022 related to the effectiveness of internal control system in response to the continued impact of COVID-19.

For the past three years, the world was continuously and significantly affected by the prolonged spread of COVID-19, leading to economic catastrophe in numerous countries, including Thailand. Hence, it is essential that the Company foresee changes and adapt promptly in order to survive the global financial recession. From 2019 to 2021, amidst the viral spread, the Company was able to successfully steer 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. In 2022, the Company notably regained the financial momentum and gradually increased quarterly dividends, eventually leading to dividend rates same as that pre-Covid, starting in the third quarter of the past financial year. Additionally, the Company was also listed by the Stock Exchange of Thailand as one of the highest dividend-paying companies in Thailand.

Therefore, the Committee opines that the Company has an adequate internal control system in place as well as sufficient preventive measures for adverse impacts, and ascertained that the Company is well-equipped to face the unexpected difficulties and challenges in the foreseeable future.

8. Appointment of Auditor – The Audit Committee reviewed the qualifications of auditor prior to appointment and assessed the auditor's performance regularly in the past year. The Company has applied suggestions, including significantly beneficial observations and comments from the Audit Committee which led to enhancements that effectively prevented error from occurring while maintaining highest level of compliance with law and regulations of SEC and SET, together with new Accounting Standards. In view of satisfactory operational results, the Audit Committee decided to propose to the board of directors for the continued appointment, subject to approval by the shareholders at the shareholder meeting, of EY Office Limited to carry out the Auditor Certified Public Accountant for the company in 2023 accordingly.

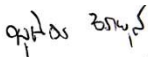
In summary, the Audit Committee of the Company is of the opinion that the Company has delivered accurate and reliable financial statements in accordance with financial accounting rules as well as standards and disclosed all necessary information in the notes of financial statements according to the Accounting 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 further carried out systemic and efficient assessment of business risks over the past year, leading to steady business progression in face of rapid change and uncertainty.



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



(Mr. Prasit Dheeraratbongkot)
Audit Committee



(Puttithorn Jirayus, Ph.D.)
Audit Committee