
Part 3 Performance and Financial Status

13. Financial Information

13.1 Financial Statements

13.1.1 Audit Opinion

Consolidated and Separate Financial Statements for the year ended December 31, 2020

Auditor : Mrs.Natsarak Sarochanunjeen Certified Public Accountant Registration No.4563

Opinion

I have audited the consolidated financial statements of Sabina Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Sabina Public Company Limited (the “Company”) which comprise the consolidated and separate statements of financial position as of December 31, 2020, and the related consolidated and separate statements of changes in equity, income, comprehensive income, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Sabina Public Company Limited and its subsidiaries and of Sabina Public Company Limited as of December 31, 2020, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (“TSAs”). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King’s Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Key Audit Matters included Audited Procedures are as follows:

Presentation of inventories valuation (the consolidate and separated financial statements)

As describe in note 2.5 and note 7 to the financial statement, the Group has significant amount of inventories which stated at the lower of cost and net realizable value. Most of inventories aging are not long, due to main business of the Group is manufacturing and distribute ready-made clothes, which the main products are underwear. And the management used information from inventories aging analysis report and individual obsolete stock analysis report to consider the allowance

for inventories declining value, therefore, I have identified that the valuation of inventories is the significant matter that requires special attention in the audit.

My Audited Procedures to the Key Audit Matters

I assessed and tested the internal control related to the calculation of inventories cost, observed the inventory count, checked the aging report of inventories, inquired the management, and considered reasonableness of the policy regarding setup allowance for inventories declining value, and tested compliant of the allowance for inventories declining value to the policy. Including test the calculation of the allowance for inventories declining value by comparing cost of inventories and net realizable value. Additionally, I considered the adequacy of information disclosure related to the measurement of inventories.

Other Information

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

My opinion on the consolidated and separate 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 consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and the management of the Group.

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated and separate financial statements of the current year 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.



(NATSARAK SAROCHANUNJEEN)
Certified Public Accountant
Registration No. 4563

A.M.T. & ASSOCIATES
Bangkok, Thailand
February 19, 2021

SABINA PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

(Unit: Thousand Baht)

	Consolidated Financial Statement					
	2018 (Audit)		2019 (Audit)		2020 (Audit)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	60,416	2.32	65,147	2.16	62,882	2.24
Trade receivables and other current receivables						
Trade receivable - net						
- Related parties	-		-		-	
- Other parties	402,270	15.46	417,415	13.83	399,357	14.24
Other receivables						
- Other parties	63,310	2.43	74,225	2.46	36,953	1.32
Short-term loan to related party	-		-		-	
Inventories - net	1,117,503	42.95	1,563,788	51.82	1,403,951	50.07
Other current financial assets	298,972	11.49	177,945	5.90	161,959	5.78
Other current assets						
-Prepaid output VAT	84,540	3.25	105,104	3.48	93,865	3.35
-Others	2,022	0.08	3,434	0.11	3,699	0.13
Total current assets	2,029,033	77.98	2,407,058	79.76	2,162,666	77.13
NON-CURRENT ASSETS						
Investment in subsidiary company	-		-		-	
Other non-current financial assets	5,000	0.19	5,000	0.17	5,000	0.18
Property, plant and equipment - net	293,663	11.29	282,087	9.35	267,505	9.54
Intangible asset	8,609	0.33	8,690	0.29	13,534	0.48
Assets usage rights	13,141	0.51	8,672	0.29	63,947	2.28
Deferred tax assets	205,691	7.91	257,694	8.54	241,099	8.60
Others non-current assets						
Deposit	46,885	1.80	48,706	1.61	50,190	1.79
Total non-current assets	572,989	22.02	610,849	20.24	641,275	22.87
Total Assets	2,602,022	100.00	3,017,907	100.00	2,803,941	100.00

SABINA PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

(Unit: Thousand Baht)

	Consolidated Financial Statement					
	2018 (Audit)		2019 (Audit)		2020 (Audit)	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
CURRENT LIABILITIES						
Bank overdrafts and short-term loans from financial institutions	156,163	6.00	565,068	18.72	558,821	19.93
Trade payables and other current payables						
Trade payable						
- related parties	-		-		-	
- other parties	184,243	7.08	170,145	5.64	108,169	3.86
Other payables	225,069	8.65	196,388	6.51	104,573	3.73
Finance lease liabilities - Assets usage rights	-		-		36,152	1.29
- current portion of - Assets usage rights						
Accrued income tax	77,367	2.97	82,020	2.72	11,104	0.40
Revenue Department	21,635	0.83	20,962	0.69	33,964	1.21
Total current liabilities	664,477	25.54	1,034,583	34.28	852,783	30.41
NON-CURRENT LIABILITIES						
Liabilities under lease agreements-Asset usage rights	-		-		23,578	0.84
Non-current liabilities budget for-employees' benefit obligation	95,623	3.67	115,653	3.83	125,854	4.49
Employees' deposit	6,543	0.25	6,731	0.22	6,617	0.24
Total non-current liabilities	102,166	3.93	122,384	4.06	156,049	5.57
Total liabilities	766,643	29.46	1,156,967	38.34	1,008,832	35.98

SABINA PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

(Unit: Thousand Baht)

	Consolidated Financial Statement					
	2018 (Audit)		2019 (Audit)		2020 (Audit)	
	Amount	%	Amount	%	Amount	%
SHAREHOLDERS' EQUITY						
Share capital - Par value Baht 1 each						
Authorized share capital						
Common share 347,500,000 shares of Baht 1 each	347,500	13.35	347,500	11.51	347,500	12.39
Issued and paid - up share capital						
Common share 347,500,000 shares of Baht 1 each	347,500	13.35	347,500	11.51	347,500	12.39
Premium on share capital	275,164	10.58	275,164	9.12	275,164	9.81
Retained earnings						
Appropriated – legal reserve	49,250	1.89	49,250	1.63	49,250	1.76
Unappropriated	1,169,492	39.16	1,248,573	41.37	1,188,055	42.37
Total other components of equity	-6,027	5.56	-59,547	-1.97	-64,860	-2.31
Total equity of the Parent	1,835,379	70.54	1,860,940	61.66	1,795,109	64.02
Non-controlling interests	-		-		-	
Total shareholders' equity	1,835,379	70.54	1,860,940	61.66	1,795,109	64.02
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,602,022	100.00	3,017,907	100.00	2,803,941	100.00

SABINA PUBLIC COMPANY LIMITED
STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

(Unit: Thousand Baht)

	Consolidated Financial Statement					
	2018 (Audit)		2019 (Audit)		2020 (Audit)	
	Amount	%	Amount	%	Amount	%
REVENUES						
Revenues from sales - net	3,089,843	99.58	3,279,499	99.53	2,862,209	98.23
Revenues from services			243	0.01	35,797	1.23
Revenues from dividend						
- related parties	-		-		-	
- other parties	1,436	0.05	3,993	0.12	2,154	0.07
Other incomes	11,627	0.37	11,222	0.34	13,671	0.47
Total Revenues	3,102,906	100.00	3,294,957	100.00	2,913,831	100.00
EXPENSES						
Cost of sales and services	1,494,853	48.38	1,494,131	45.56	1,524,804	52.62
Gross Profit	1,594,990	51.62	1,785,611	54.44	1,373,202	47.38
Cost of distribution	910,400	29.34	1,055,730	32.04	863,108	29.62
Administrative expenses	245,362	7.91	220,719	6.70	171,033	5.87
Total Expenses	2,650,615	85.42	2,770,580	84.09	2,558,945	87.82
Profit before interest and income tax	452,291	14.58	524,377	15.91	354,886	12.18
Financial expenses	1,441	0.05	8,330	0.25	9,101	0.31
Income tax expense	89,263	2.88	102,796	3.12	68,974	2.37
Profit for the years	361,587	11.65	413,251	12.54	276,811	9.50
Total comprehensive income for the year	361,587	11.65	413,251	12.54	276,811	9.50

SABINA PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

(Unit: Thousand Baht)

	Consolidated Financial Statement		
	2018	2019	2020
CASH FLOWS FROM OPERATING ACTIVITIES :			
Net profit	361,587	413,251	276,811
Adjustments to reconcile net profit to net cash proceed (paid)			
Depreciation+Amortization	50,121	48,371	53,780
Employees' benefits obligation	18,140	34,645	21,458
Loss (gain) from disposal of property	-1,418	-479	-1,256
Loss (gain) from sale of available for sale investment	-	92	-
Unrealised (gain) loss on exchange rate	3,464	2,258	581
Interest expenses	1,441	8,330	9,101
Current tax expense	129,750	154,368	51,050
Deferred tax expense (income)	-40,487	-51,572	17,923
(Increase) decrease in trade receivable - other parties	-60,290	-15,145	18,057
(Increase) decrease in other receivable	-54,741	-7,066	37,272
(Increase) decrease in inventories	-141,867	-446,285	159,837
(Increase) decrease in other current assets	-11,760	-21,977	10,974
Other non-current assets:			
- Assets usage rights	-	-	-63,947
- Others	-1,053	-1,821	-1,484
Increase (decrease) in trade payables - other parties	28,029	-16,356	-62,556
Increase (decrease) other payables	49,925	-28,838	-91,920
Increase (decrease) in other current liabilities - others	2,973	-673	13,002
Other non-current liabilities:			
- Liabilities under lease agreements - Assests usage rights	-	-	23,578
- employees' benefit obligation	-4,213	-14,615	-11,257
- employees' deposit	89	188	-115
Net cash received (paid) from operation	329,690	56,676	460,889
Payment of interest expenses	-1,362	-8,173	-8,997
Payment of Corporate income tax	-91,642	-153,563	-121,966
Net cash provided by (Used in) operating activities	236,686	-105,060	329,926
CASH FLOWS FROM INVESTING ACTIVITIES :			
Acquisition of property, plant and equipment	-54,605	-31,179	-29,099
Cash received from sales of property and equipment	1,465	479	1,256
Cash proceed (paid) on sales (purchase) -for temporary investment	171,383	98,867	9,345
Cash received from sale of available for sale investment	-59,997	19,908	-
Acquisition of intangible assets	-6,359	-1,228	-6,270
Net cash provide by (Used in) investing activities	51,887	86,847	-24,768

SABINA PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

(Unit:Thousand Baht)

	Consolidated Financial Statement		
	2018	2019	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank overdrafts and short-term loans received from financial	138,163	408,905	-6,246
Dividend Paid	-410,207	-385,962	-337,329
Payment for lease payable - assets usage rights	-	-	36,152
Net Cash Provided by (Used in) Financing Activities	-272,044	22,943	-307,423
Increase(decrease) in cash and cash equivalents-net	16,529	4,730	-2,265
Cash and cash equivalents, beginning of year	43,887	60,416	65,146
Cash and cash equivalents, end of year	60,416	65,146	62,881

Financial Ratio Analysis**SABINA PUBLIC CO.,LTD.**

Financial Ratio Analysis	Consolidated Financial Statement		
	2018	2019	2020
Liquidity Ratio			
Current ratio (times)	3.05	2.33	2.54
Quick Ratio (times)	1.24	0.71	0.78
Account receivable turnover (times)	8.3	8.0	7.10
Avg.debt collection period (day)	43.96	45.61	51.44
Inventory turnover (times)	1.43	1.11	1.03
Avg.selling period (day)	255.54	327.51	355.20
Account payable turnover (times)	8.87	8.43	10.96
Avg.Payment period (day)	41.14	43.29	33.31
Cash Cycle (day)	258.36	329.83	373.33
Profitability Ratio			
Gross profit margin (%)	51.62	54.44	47.38
Operating profit margin (%)	14.22	15.52	11.69
Net Profit margin (%)	11.65	12.54	9.50
Return on equity (%)	19.38	22.36	15.14
Efficiency Ratio			
Returns on assets (%)	14.49	14.71	9.51
Net fixed asset turnover (%)	132.80	150.15	102.60
Total asset turnover (times)	1.24	1.17	1.00
Financial Policy Ratio			
Debt to equity ratio (times)	0.42	0.62	0.56
Dividend Payout (%)	113.45	93.40	121.86

Remark

-April 9, 2018. The meeting no.1/2018 to pay dividend of the year 2017 operating results at the rate of baht 0.68 per share, total 347.50 million shares, totaling 236.30 million baht of the retained earnings for the year 2017.

-August 7, 2018. The Board of Directors Meeting No.3/2018 to pay interim dividend payment operating results at the rate of baht 0.50 per share total 347.50 million shares, totaling 173.75 million baht of the retained earnings for the year 2018.

-April 23, 2019. The meeting no.1/2019 to pay dividend of the year 2018 operating results at the rate of baht 0.54 per share, total 347.50 million shares, totaling 187.65 million baht of the retained earnings for the year 2018. Paid in May 2019.

-August 13, 2019. The Board of Directors Meeting No.3/2019 to pay interim dividend payment operating results at the rate of baht 0.57 per share total 347.50 million shares, totaling 198.08 million baht of the retained earnings for the year 2019. Paid in September 2019.

-February 21, 2020. The Board of Directors Meeting No.1/2020 to pay dividend of the year 2019 operating results at the rate of baht 0.62 per share, total 347.50 million shares, totaling 215.45 million baht of the retained earnings for the year 2019.

-On April 10, 2020, the meeting of the Board of Directors No. 2/2020 resolved to postpone the annual general meeting of shareholders 2020 and approve the payment of interim dividends for the year 2019 according to the latest financial statements ending December 31, 2019, which was paid from retained earnings by paying to shareholders at the rate of 0.62 baht per share of 347.50 million shares, totaling Baht 215.45 million.

-On August 13, 2020 , the shareholder meeting no. 5/2020 has approved to pay interim dividend for the six month period to shareholders, at Baht 0.35 per share for the 347.50 million shares, total amount of Baht 121.63 million, which is paid in September 2020.

-On February 19, 2021, the shareholder meeting no. 1/2021 has approved to pay dividend for the year 2020 to shareholders, at Baht 0.45 per share for the 347.50 million shares, total amount of Baht 156.375 million.

14. Analysis of Performance

14.1 Analysis of Performance and Financial Status with Explanation

14.1.1 Performance

Performanced

Incomes from Sales

In 2019, the Company had the incomes from the sales and services of products for 3,279.74 million Baht which increased from 2018 about 189.90 million Baht, equal to 6.15 percent increase. Main reason due to the increasing of subsidiaries' trademarks sales increased about 189.42 million Baht and income from sales of OEM products increased about 0.24 million Baht.

In 2020, the company had revenue from sales and services equal to 2,898.01 million baht, a decrease from 381.74 million baht or 11.64% in 2019, due to the COVID-19 pandemic during the year 2020, which currently remains continuously expanding all over the world. This epidemic has caused the slowdown of economy and affected most businesses and industries. In Thailand, it has also been affected by such pandemic. The Thai government took measures to prevent the spreading of this epidemic crisis by the Lock Down of various stores from late March to mid-May 2020. Then, there has been certain measures of relaxation from the government to open-up those shops to continue their businesses. Afterwards, there came the spreading of the coronavirus in the second round at the end of December 2020 until the severe control measures have been required in high-risk provinces, respectively. However, the company's management has been able to adjust the business strategies for income, production cost, selling and administrative expenses to maintain the company's good performance.

performance.Incomes from Sales Classified by Product (Unit: Million Baht)

	2018	Percentage	2019	Percentage	2020	Percentage
Incomes from OEM product sale						
Bras	207.40	6.71	208.52	6.36	138.11	4.83
Underpants	45.75	1.48	42.23	1.29	24.19	0.85
Others	33.65	1.09	36.29	1.11	71.24	2.49
Total incomes from OEM product sale	286.80	9.28	287.04	8.75	233.54	8.16
Incomes from sale of subsidiary' brandname products						
Bras	2,261.92	73.21	2,411.05	73.52	2,189.00	76.48
Underpants	459.65	14.88	501.79	15.30	429.74	15.01
Others	81.47	2.63	79.62	2.43	9.93	0.35
Total Incomes from sale of subsidiary' brandname products	2,803.04	90.72	2,992.46	91.25	2,628.67	91.84
Total incomes from sale	3,089.84	100.00	3,279.50	100.00	2,862.21	100.00

OEM Products

In 2019, the incomes from the sales of OEM products were at 287.04 million Baht, increase by 0.24 million Baht or 0.08%. The incomes from the sales of OEM products were divided into the sales of lingerie, underpants and other products at 6.36%, 1.29% and 1.11 % of the total sales, respectively.

For the year 2020, the revenue from sales of OEM products was 233.54 million baht, a decrease of 53.5 million baht or 18.64%, which respectively divided into the sales of bras, underwear, and other products equal to 4.83%, 0.85%, and 2.49% of the total revenue from sales of goods.

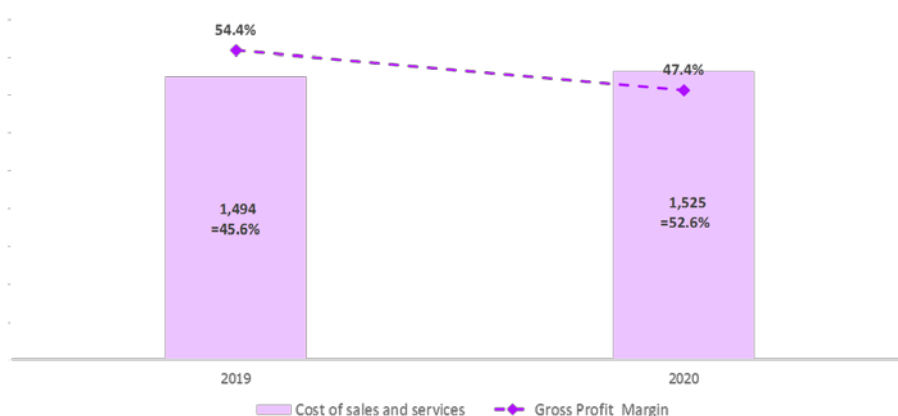
Subsidiary's Brandname Products

The revenue from the sales of products under the subsidiaries' trademarks is significant to the Company's revenues since the products have better prices and gross profit margin than the OEM products. In addition, the Company can control the design, quantity, and the distribution period. The revenue from the sales of products under the subsidiaries' trademark with continuous growth as follows.

In 2019, the Company had the incomes from the sales of products under the subsidiaries' trademarks of 2,992.46 million Baht, an increase of 189.42 million Baht 6.76%, or 91.25% of the total sales income .The incomes from lingerie, underpants and other products were at 73.52%, 15.30%, and 2.43% of the total sales incomes, respectively.

For the year 2020, the company had revenue from sales of products under trademarks of its subsidiaries equal to 2,628.67 million baht, a decrease of 363.79 million baht or 12.16%, representing 91.84% of the revenue from sales of goods. The proportion of income from the sales of bras, underwear, and other products accounted for 76.48%, 15.01%, and 0.35% when compared to the revenue from sales of goods.

Cost of sale and service & Gross profit margin



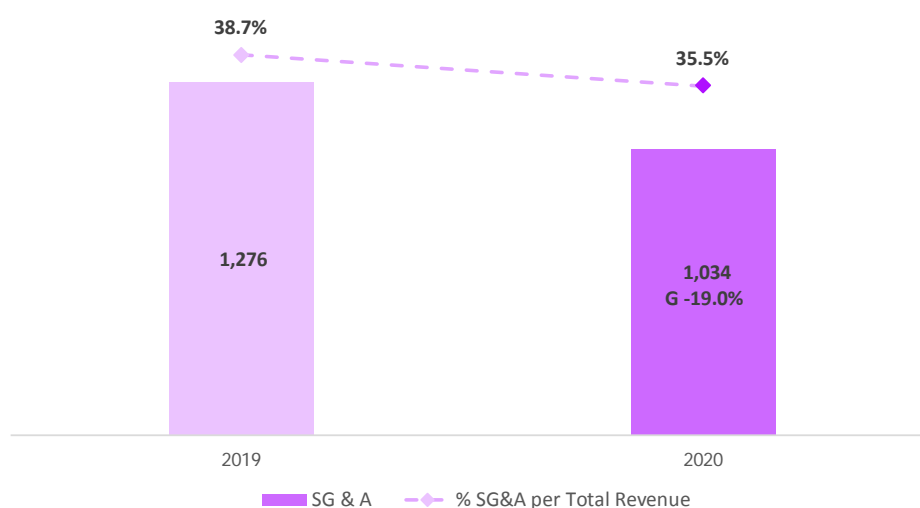
Cost of Goods Sold and Gross Profit Margin

In 2019, the Company's cost of goods sold totaled 1,494.13 million Baht or 45.56% of the incomes from sales and services. The gross profit margin was recorded at 1,785.61 million Baht or 54.44% of the incomes from sales and services. The Company has emphasized on expansion of sales of products under the subsidiaries' trademarks consistently and strictly. Advertising budgets were allocated and marketing promotions were applied. New sales counters were opened at department stores, new retail stores and the Company's shops.

For the year 2020, the company had cost of sales equal to 1,524.80 million baht or 52.6% of the revenue from sales and services, resulting in a gross profit of 1,373.20 million baht or 47.4% of the revenue from sales and services. This was a result from the lower gross profit in 2020 than 2019 due to the spread of COVID-19 pandemic, which caused the Lock Down business between late March and mid-May. During the epidemic crisis, there was a severe shortage of face masks and cloth masks. To help alleviate the spreading of this coronavirus, the company's management realized the plight of the whole public, then had a policy to produce cloth masks for donation to various government agencies and distribution to a large number of people and organizations. These products maintained lower gross profits than the company's main products.

Additionally, the overview of overall economy after epidemic crisis showed a decrease in the purchasing power of consumers. Therefore, in order to comply with the economic conditions, the company has produced products at affordable prices and discounts for consumers to stimulate more demands of consumers. Thus, this resulted in a higher cost per income with lower gross profits when compared to the year 2020.

Selling & Administrative expenses



Selling and Administrative Expenses and Operating Profit

In 2019, the Company's selling and administrative expenses were at 1,276.45 million Baht, increasing by 120.69 million Baht 10.44% or 38.74% of the total sales incomes. The Company has focused on expansion of sale counters resulting in higher leasing costs for sales and service areas. To increase sales volumes and market shares of products under the subsidiaries' trademarks, salespersons and the budgets for advertising and marketing promotion were added consistently.

Accordingly, the Company had the operating profit of Baht 509.16 million or 15.52% of the incomes from sales and services.

For the year 2020, the company recorded sales and administrative expenses of 1,034.14 million baht, a decrease of 242.31 million baht or 18.98% from the year 2019, accounting for 35.49% of the total revenue, which resulted from the COVID-19 pandemic. Thus, the company was exempt and received discounts on rental and service fees of the stores from the company's partners during the Lock-down period. In the meantime, the personnel expenses of the company also decreased due to the resigning of about 600 employees when compared to the end of 2020 and 2019. Nonetheless, the company did not recruit any new employees to replace vacant positions. Meanwhile, the marketing & promotion expenses also reduced following the adjustment to online channels.

The company had operating profits of 339.06 million baht, accounting for 11.70% of the revenue from sales and services.

Interest Paid

In 2019, the Company had interest paid of 8.33 million Baht, increasing by 6.89 million Baht.

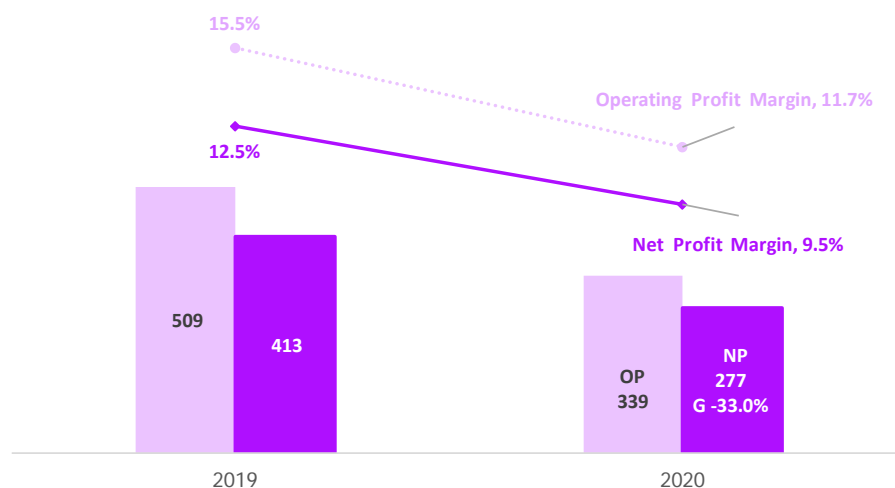
In 2020, the Company had interest paid of 9.10 million Baht, increasing by 0.77 million Baht.

Corporate Income Tax

In 2019, the Company had the corporate tax at 102.80 million Baht.

In 2020, the Company had the corporate tax at 68.97 million Baht.

Profitability Ratio

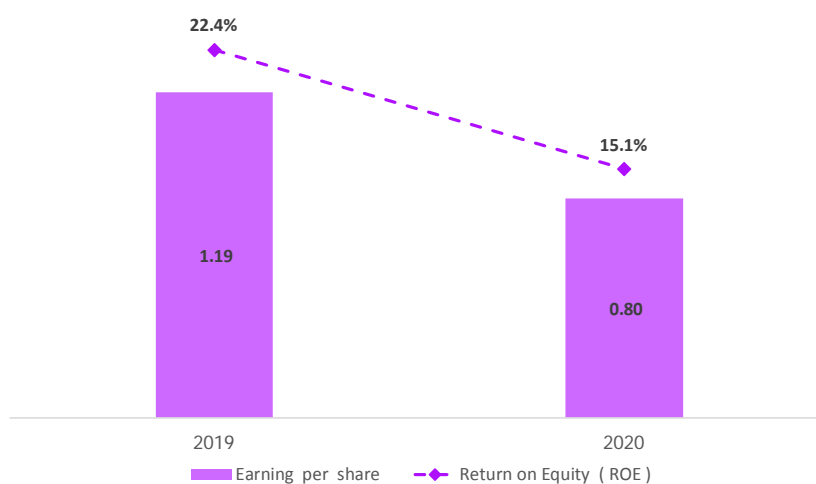


Net Profit

In 2019, the Company had the net profit of 413.25 million Baht increasing by 51.66 million Baht or 14.29%

In 2020, the Company had the net profit of 276.81 million Baht increasing by 136.44 million Baht or 33.02%

EPS & ROE



Returns on Equity

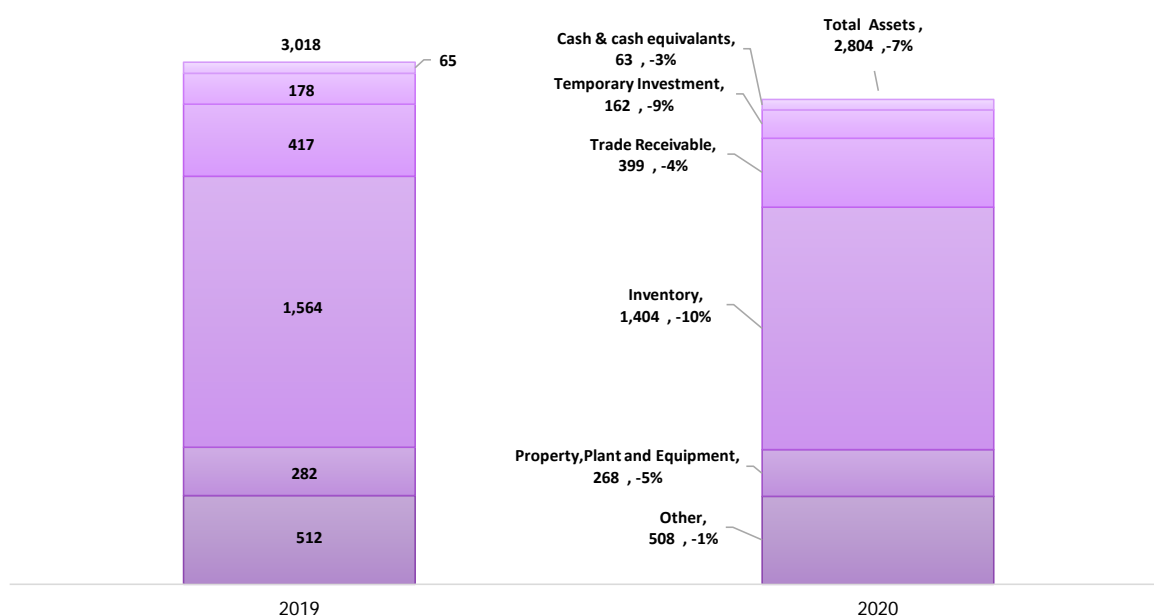
In 2019, the Company's basic earnings per share was at 1.19 Baht; and the Return on Equity (ROE) was at 22.36%

In 2020, the Company's basic earnings per share was at 0.80 Baht; and the Return on Equity (ROE) was at 15.14%

14.1.2 Company Financial Position

Financial Status

Assets



Total Assets

In 2019, the Company's total assets increased to 3,017.91 million Baht which about 415.89 million Baht increased 2018 due to, increased in account receivable of 417.41, increased in inventories of 1,563.79 million Baht., increased in deferred income tax of 257.69 million Baht.

For the year 2020, the company's total assets decreased to 2,803.94 million baht, or 213.97 million baht from the year 2019. This was resulted from a decrease in trade accounts receivable to 399.36 million baht, followed by other accounts receivable of 36.95 million baht), inventories of 1,403.95 million baht, as well as land, buildings and equipment of 267.51million baht, and deferred tax assets of 241.01 million baht. Meanwhile, the right assets held for use were increased to 63.95 million baht.

Account receivable

In 2019, the Company had account receivable of 417.41 million Baht increased by 15.14 million Baht. The proportions of current account receivable, account receivableoverdue 0 - 3 months, was at 97%, and 3% of the total account receivable.

For the year 2020, the company's trade accounts receivable were 399.36 million baht, a decrease of 18.06 million baht. Meanwhile, the due to repayment accounted for 92%. The overdue 0-3 months was equivalent to 5.8%, followed by 0.7% and 1.5% of the overdue 4-6 months and 7-12 months, respectively of all accounts receivable.

Inventories

In 2019, the inventories were recorded at 1,563.79 million Baht, and increase of 446.29 million Baht or 39.94%. Increased from the policy of increasing stock in order to reduce loss of sales opportunities In the matter of lacking color cup size

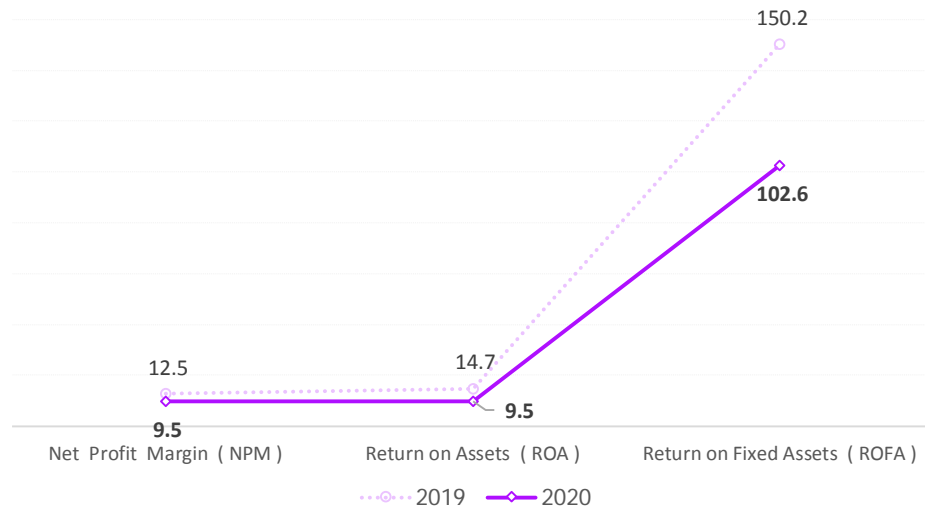
For the year 2020, the inventories were equal to 1,403.95 million baht, a decrease of 159.84 million baht, or 10.22 percent from the previous year. Mostly, this was due to the reduction of finished goods under the subsidiary's trademark, in-process goods, and raw materials.

Estate, Building, and Equipment

In 2019, the book value of estate, building, and equipment was worth at 282.09 million Baht, decreased by 11.57 million Baht from the last year figure. At the end of 2019, the depreciation of tangible assets was recorded at 42.75 million Baht.

For the year 2020, the book value of the land, building and equipment of the company was equal to 267.51 million baht, a decrease of 14.58 million baht from the previous year. At the end of 2020, the depreciation of tangible assets was 44.35 million baht.

Efficiency Ratio

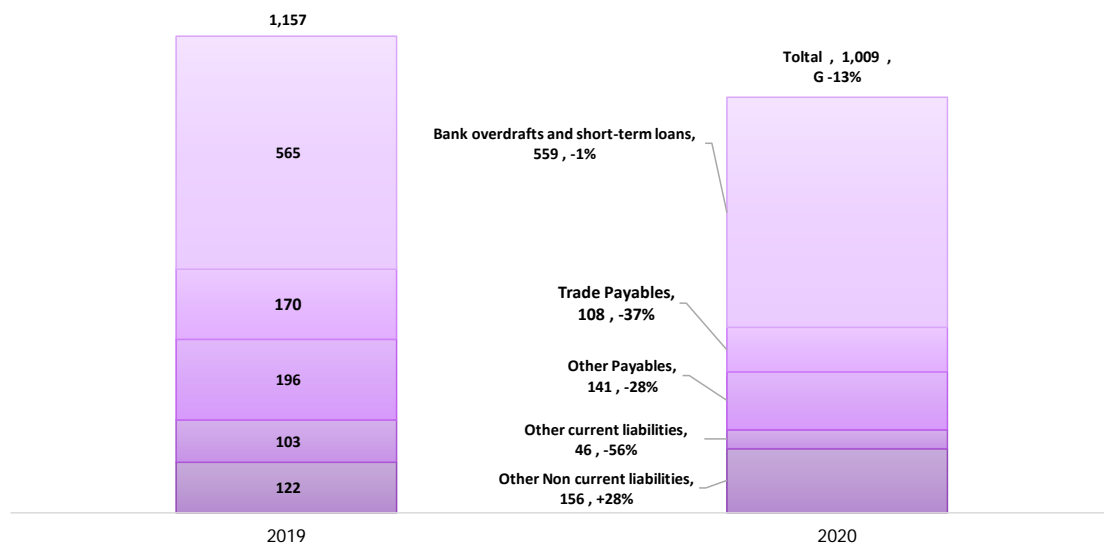


Performance

In 2019, the net profit rate recorded as 12.54% resulting in the return on total assets and the return on fixed assets at 14.71% and 150.15%, respectively.

In 2020, the net profit rate recorded as 9.50% resulting in the return on total assets and the return on fixed assets at 9.51% and 102.60%, respectively.

Liabilities



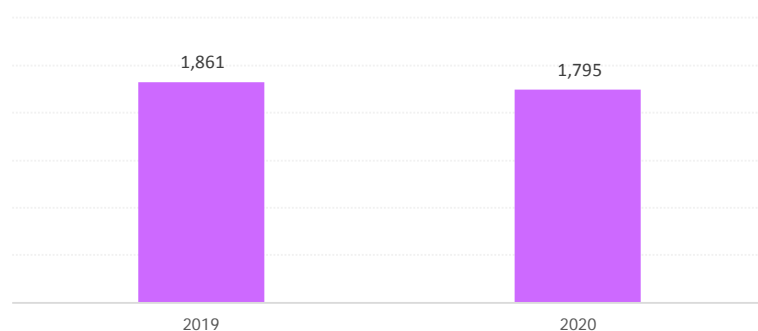
Liabilities

In 2019, the Company had the liabilities of 1,156.97 million Baht, increase of 390.33 million Baht from the last year. The short-term loans from financial institutions increased to 565.07 million Baht and account payable increased 170.15 million Baht. Other payables decreased to 196.39 million Baht and other current liabilities increased to 102.98 million Baht.

For the year 2020, the company had liabilities of 1,008.83 million baht, a decrease of 148.14 million baht from the previous year, with short-term loan debt from financial institutions decreased to 558.82 million baht, followed by a decrease in trade payable of 107.51 million baht, other accounts payable of 140.72 million baht, and other current liabilities of 45.73 million baht. Meanwhile, other non-current liabilities were increased to 156.05 million baht.

In the year 2020, the introduction of TFRS16 accounting standard led to leasehold liabilities equal to 59.73 million baht, which divided into the leasehold liabilities due within 1 year of 36.15 million baht (included in other creditors) and the leasehold liability over 1 year but not more than 5 years of 23.58 million baht (included in other non-current liabilities).

Equity



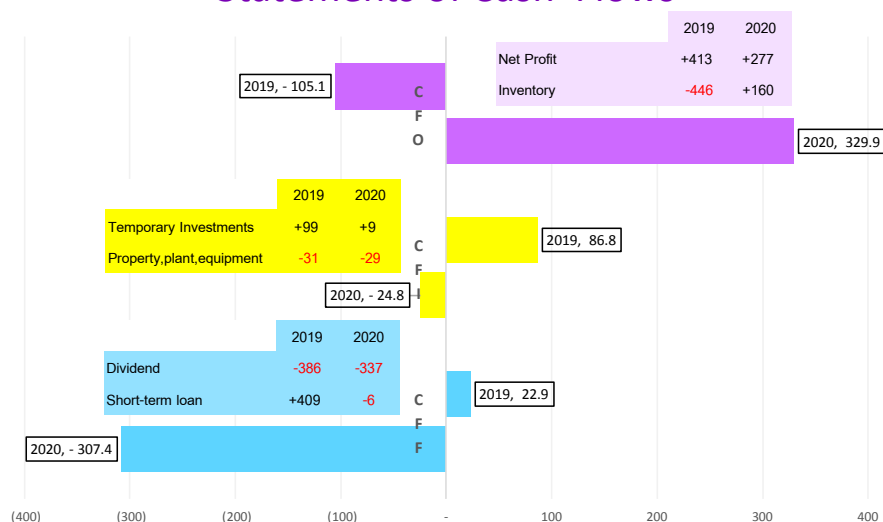
Shareholder's Equity

In 2019, the Company's shareholders' equity totaled at 1,860.94 million Baht, increased in 25.56 million Baht from last year figure.

In 2020, the Company's shareholders' equity totaled at 1,795.11 million Baht, decreased in 65.83 million Baht from last year figure.

Liquidity Analysis

Statements of Cash Flows



Operation Cash flow

In 2019, the Company's cash flow from operating activities was recorded at -105.06 million Baht comprising the net profit of 413.25 million Baht, inventories increased by 446.28 million Baht, Accrued income tax 153.56 million Baht.

For the year 2020, the company had cash flow from operating activities of 329.93 million baht, mainly from the period net profit of 276.81 million baht, depreciation and amortization expense of 53.78 million baht, and decreased inventories of 159.847 million baht, etc.

Investment Cash Flow

In 2019, the Company's cash flow for investment activities was recorded at 86.85 million Baht, The Company invested in temporary investment, sale of available for sale investment and building and equipment of 98.87 million Baht, 19.91 million Baht and 31.18 million Baht, respectively.

For the year 2020, the company had net cash flow from investing activities equal to -24.77 million baht. The company redeemed the temporary investment of 9.35 million baht and investment in buildings and equipment of 29.10 million baht, etc.

Funding Cash flow

In 2019, the Company's cash flow for funding activities was recorded at 22.94 million Baht. The Company paid the dividend of 385.96 million Baht and short-term loans from financial institutions of 408.90 million Baht.

For the year 2020, the company had net cash flow from financing activities equal to -307.42 million baht, with dividend payment of 337.33 million baht and short-term loan from financial institution decreased by 6.25 million baht.

14.1.3 Commitment and Contingent**Lease agreement and long term services**

- On June 1, 2019, company has entered into the lease of buildings agreement with Sabina Far East Co., Ltd., to use the buildings as company's office and warehouse for 3 years. The Company has a right to renew the lease agreement for 3 times at 3 years each. However the Company has to inform landlord by written in advance not less than 180 days. The rental is Baht 142,500 per month; landlord is responsible for municipal taxes. Landlord promised that it will not sell or dispose the assets in 12 years.
- On June 12, 2009, the subsidiary has entered into another lease contract with the department store and for extension the lease period to another 10 years, which will expire in June 2020. The subsidiary had paid for the leasehold right for the 10 years approximately amounting to Baht 13.71 million.

The commitment for the long-term lease, which should be paid the rent and service in the future, as of December 31, 2020 are as follow;

The Company

<u>For the period</u>	<u>Unit (Million baht)</u>
Not over 1 year	0.71
Over 1 year but not over 5 years	1.71
Over 5 years	-
Total	<u>2.42</u>

The Subsidiary Company

<u>For the period</u>	<u>Unit (Million baht)</u>
Not over 1 year	74.56
Over 1 year but not over 5 years	44.07
Over 5 years	-
Total	<u>119.19</u>

Letter of bank guarantee

As of December 31, 2020 and 2019, the Company has letter of guarantee which issuing by the bank on behalf of company as follows:

<u>Objective</u>	<u>BAHT</u>	
	<u>Consolidated Financial Statement</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
1. Guarantee for Custom Department	1.10	3.25
2. Others	3.25	3.25
Total	<u>4.35</u>	<u>6.50</u>

14.2 Remuneration to Auditor

From 2018 to 2020, the auditor, A.M.T Associate Office, was paid as follows:

<u>Unit: Baht</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Remuneration to auditor	960,000	960,000	910,000
Other payments	-	-	-