

Subject: Performance discussion and analysis for the 3rd Quarter of 2021 and for the first 9 months of 2021

To: Director and manager of the Stock Exchange of Thailand

Financial Performance Summary – 3rd Quarter of 2021 and for the first 9 months of 2021

Beauty Community Public Co., Ltd. is pleased to announce its financial and operating results for 3rd Quarter of 2021 and the first 9 months of 2021 to compare with the operating results in the 3rd Quarter and the first 9 months of 2020 as follows:

- Total Revenue in 3rd Quarter 2021 was THB 75.37 million, a decreased of 61.05% and the first 9 months was THB 294.52 million, a decreased of 50.31%.
- Gross Profit in 3rd Quarter 2021 was THB 30.62 million, a decreased of 68.83% and the first 9 months was THB 121.46 million, a decreased of 61.29%.
- Selling expenses in 3rd Quarter 2021 was THB 35.97 million, a decreased of 59.47% and the first 9 months was THB 142.22 million, a decreased of 55.16%.
- Administrative expenses in 3rd Quarter 2021 was THB 25.64 million, a decreased of 20.61% and the first 9 months was THB 83.97 million, a decreased of 34.89%.
- Net Profit (loss) in 3rd Quarter 2021 was THB (22.02) million, a decreased of 3.23% and the first 9 months was THB (72.33) million, a decreased of 41.57%.

Million Baht	Q3				YoY		Q2		QoQ		Year to Date (YTD)				YoY	
	2021	%	2020	%	+/-	%	2021	%	+/-	%	2021	%	2020	%	+/-	%
Revenue from sales	70.40	93.41%	185.73	96.00%	(115.33)	(62.10%)	73.25	89.61%	(2.85)	(3.89%)	275.15	93.42%	578.47	97.59%	(303.32)	(52.44%)
Cost of sales	39.78	52.79%	87.51	45.23%	(47.73)	(54.54%)	49.89	61.04%	(10.11)	(20.26%)	153.69	52.18%	264.67	44.65%	(110.98)	(41.93%)
Gross profit (GP)	30.62	43.49%	98.22	52.88%	(67.61)	(68.83%)	23.36	31.89%	7.26	31.08%	121.46	44.14%	313.80	54.25%	(192.34)	(61.29%)
Other Income	4.97	6.59%	7.74	4.00%	(2.78)	(35.87%)	8.49	10.39%	(3.52)	(41.51%)	19.38	6.58%	14.26	2.41%	5.11	35.84%
Total Revenue	75.37	100.00%	193.48	100.00%	(118.11)	(61.05%)	81.74	100.00%	(6.37)	(7.80%)	294.52	100.00%	592.73	100.00%	(298.21)	(50.31%)
Selling expenses	35.97	47.72%	88.74	45.86%	(52.77)	(59.47%)	45.49	55.65%	(9.52)	(20.93%)	142.22	48.29%	317.21	53.52%	(174.99)	(55.16%)
Administrative expenses	25.64	34.01%	32.29	16.69%	(6.66)	(20.61%)	28.65	35.05%	(3.02)	(10.53%)	83.97	28.51%	128.97	21.76%	(45.00)	(34.89%)
Profit before interest & tax (EBIT)	(26.02)	(34.53%)	(15.06)	(7.78%)	(10.96)	(72.77%)	(42.29)	(51.74%)	16.27	38.47%	(85.36)	(28.98%)	(118.12)	(19.93%)	32.76	27.73%
Finance costs	1.60	2.12%	3.06	1.58%	(1.46)	(47.75%)	1.62	1.98%	(0.02)	(1.23%)	5.03	1.71%	8.82	1.49%	(3.79)	(43.01%)
Income tax	(5.60)	(7.43%)	4.64	2.40%	(10.23)	(220.75%)	(8.73)	(10.68%)	3.13	35.88%	(18.06)	(6.13%)	(3.15)	(0.53%)	(14.91)	(474.09%)
Profit for the period	(22.02)	(29.21%)	(22.75)	(11.76%)	0.73	3.23%	(35.18)	(43.04%)	13.16	37.41%	(72.33)	(24.56%)	(123.79)	(20.89%)	51.47	41.57%
Other comprehensive income	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total comprehensive income for the period (net)	(22.02)	(29.21%)	(22.75)	(11.76%)	0.73	3.23%	(35.18)	(43.04%)	13.16	37.41%	(72.33)	(24.56%)	(123.79)	(20.89%)	51.47	41.57%
EBITDA	(20.20)	(26.80%)	(5.31)	(2.74%)	(14.89)	(280.46%)	(36.18)	(44.26%)	15.98	44.16%	(66.40)	(22.55%)	(85.85)	(14.48%)	19.45	22.66%

Note : 1. % GP margin calculated to sales

Total Revenue

Total revenues for the 3rd Quarter of 2021 were THB 75.37 million decreased by 61.05% from the same period last year (YoY) and decreased by 7.80% compared to 2nd Quarter 2021 (QoQ). The first 9 months of 2021 was THB 294.52 million decreased by 50.31% from the same period last year (YoY). Revenue structure came mainly from the Retail shop 42.39%, Oversea 36.27%, E-commerce 11.47%, Modern Trade 3.90%, General Trade 2.15% and Other revenue 3.82% (Note: Oversea shops are operated by our partners which have been sold in a wholesale commercial conditions). The same store sales growth (SSSG) for the first 9 months of 2021 declined by -18.85%.

The company's sale revenue continues to slide as the direct impact of the prolonged COVID-19 crisis. The severity of this year's 4th wave surge prompted the government to impose a strict lockdown in 29 provinces. As a result, the company had to shut down 31 branches during the 3rd

quarter of this year. The lockdown also negatively impacted trading activities and the overall business supply chain. Consumer sentiment and spending are also on a downward trend. As for the China's market, consumers in general now buy more locally made Chinese goods online as in response to the Chinese government policy. More over the government also imposes more restrictions on imported goods. And ongoing travel restriction, Chinese consumer's expose and response to foreign branded goods are also greatly reduced prompting our agent to reposition their marketing strategies.

However, we expect to see some positive trends with Thailand gradually opening up its border to tourism in order to stimulate the economy during the year-end high season period. As for the Chinese market, we expect a slow recovery especially during the 11.11 grand promotion seasons and in response to our new "Product License" sale model which improves product development process and the overall business management in China.

Nevertheless, the company will continue to closely monitor the situation. As part of our crisis management plan, the company has introduced Business Re-engineering plan on three fronts comprising: 1) Management Re-structuring for increased efficiency 2) Business Re-modelling 3) Market Re-new by expanding sale channels that have high growth potential and can reach larger customer base that goes beyond the traditional retail shop channel. With these, we plan to increase the ratio of the sale revenue generated by the domestic market that is deemed more sustainable and less susceptible to crisis and changes in the longer term. We anticipate that with this restructuring strategies, the company's sale can bounce back quickly once the COVID-19 pandemic gradually subsides.

Gross Profit

Gross Profit for the 3rd Quarter 2021 was THB 30.62 million which are decreased 68.83% from the same period last year (YoY), increased by 31.08% compared to 2nd Quarter 2021 (QoQ). The first 9 month of 2021 was THB 121.46 million decreased by 61.29% from the same period last year (YoY).

Gross profit margin 3rd Quarter 2021 were 43.49%, decreased from the same period last year (52.88%) and increased from the 2nd Quarter 2021 (31.89%). The first 9 months 2021 was 44.14%, decreased from the same period last year (54.25%)

The decline in Gross Profit is the result of increased budget for sale promotion to compete with other brands. This includes the clearance sale promotion in order to clear near expiring stock. The company has recognized allowance for devaluation of inventories in order to maintain product's quality. If we exclude the amount of the allowance for devaluation of inventories, the gross profit margin is aligned with the budget at 53%.

Selling expenses

Selling expenses for 3rd Quarter 2021 was THB 35.97 million, decreased by 59.47% from the same period last year (YoY), and decreased by 20.93% compared to 2nd Quarter 2021 (QoQ). The first 9 month of 2021 was THB 142.22 million decreased by 55.16% from the same period last year (YoY). The selling expenses decreased mainly came from the adjustment of the company's cost control on every operational process. Focusing on management and cost control according to the (Cost Saving Program), such as expenses related to advertising, promotion, fixed costs (by closing nonperforming branches).

Administrative expenses

Administrative expenses 3rd Quarter 2021 was THB 25.64 million decreased by 20.61% from the same period last year (YoY), and decreased by 10.53% compared to 2nd Quarter 2021 (QoQ). The first 9 month of 2021 was THB 83.97 million decreased by 34.89% from the same period last year (YoY). Administrative expenses decreased mainly from the company having a business restructuring in order to increase competitiveness and reduce the future cost. Including there was expenses control in accordance with Cost Saving Program to achieve the highest efficiency. This includes management restructuring to suit the current business model and economic situation.

Net Profit (loss)

Net profit (loss) for 3rd Quarter 2021 was THB (22.02) million decreased by 3.23% from the same period last year (YoY), and decreased by 43.04% compared to 2nd Quarter 2021 (QoQ). The first 9 month of 2021 was THB (72.33) million decreased by 41.57% from the same period last year (YoY). Net profit (loss) declined mainly from business restructuring and cost saving program.

The expenses related to business restructuring

The company foresees the long-term impact from this situation and has implemented varying strategies to minimize future risk. The objectives are to improve organizational agility, increase market competitiveness and reduce expense burden in the future. As a result, in 3rd Quarter 2021, the company invested a total of THB 5.48 million for business restructuring, which is considered as non-routine expenses. These are expenses from closing down non-performing branches, namely fixed assets write-off and impairment, staff severance pay and the compensation offer for voluntary resignation.

Statement of Financial Position

Total assets as at September 30, 2021 were THB 980.80 million decreased THB 101.45 million or 9.37% from 31 December 2020 and Cash and cash equivalents were THB 81.15 million, temporary investments were THB 350.00 million (Temporary investments consist of short-term deposit with financial institution due over three months but not over 1 year and without withdrawal restrictions), account receivable were THB 21.73 million without doubtful debt, inventory were THB 161.55 million, property, plant and equipment were THB 149.32 million.

Total liabilities were THB 205.23 million decreased THB 29.13 million or 12.43% from 31 December 2020, liabilities mainly came from liabilities under leases THB 110.61 million (revised according to TFRS16 standards regarding leases) including current portion of leases liabilities THB 45.16 million, trade account payable THB 40.16 million, accrued expenses THB 20.79 million. Total shareholders' equity was THB 775.58 million decreased THB 72.33 million or 8.53% from December 31, 2020.

Statement of Cash Flows

For the year end of September 30, 2021, the company had net cash inflows by operating activities of THB 57.52 million, net cash inflows investing activities THB 110.09 million. Then cash and cash equivalents as at the end of period of THB 81.15 million.

Financial Ratio

Financial Ratio	30/9/2021	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
Current ratio	5.14	4.30	4.38	3.49	3.04	3.17
Finished goods days	248	217	168	116	89	110
Total inventory days	326	287	215	150	118	143
Return on equity	-11.88%	-10.90%	19.12%	64.78%	81.27%	53.15%
Return on assets	-9.35%	-8.75%	15.04%	48.23%	60.17%	40.45%
Debt to equity	0.26	0.28	0.22	0.31	0.37	0.33

Your faithfully,

Beauty Community Public Company Limited

 (Miss Netnapha Saelim)

Finance and Accounting Director