

Subject: Performance discussion and analysis for the 2nd Quarter of 2022 and for the first 6 months of 2022

To: Director and manager of the Stock Exchange of Thailand

Financial Performance Summary – 2nd Quarter of 2022 and for the first 6 months of 2022

Beauty Community Public Co., Ltd. is pleased to announce its financial and operating results for 2nd Quarter of 2022 and the first 6 months of 2022 to compare with the operating results in the 2nd Quarter and the first 6 months of 2021 as follows:

- Total Revenue in 2nd Quarter 2022 was THB 80.98 million, a decreased of 0.93% and the first 6 months was THB 193.69 million, a decreased of 11.62%.
- Gross Profit in 2nd Quarter 2022 was THB 43.30 million, a increased of 61.18% and the first 6 months was THB 97.84 million, a increased of 2.13%.
- Selling expenses in 2nd Quarter 2022 was THB 48.06 million, a increased of 5.65% and the first 6 months was THB 85.75 million, a decreased of 19.30%.
- Administrative expenses in 2nd Quarter 2022 was THB 26.33 million, a decreased of 8.11% and the first 6 months was THB 50.13 million, a decreased of 14.07%.
- Net Profit (loss) in 2nd Quarter 2022 was THB (25.80) million, a decreased of 26.64% and the first 6 months was THB (28.73) million, a decreased of 42.90%.

Million Baht	Q2				YoY		Q1		QoQ		Year to Date (YTD)				YoY	
	2022	%	2021	%	+/-	%	2022	%	+/-	%	2022	%	2021	%	+/-	%
Revenue from sales	79.94	98.71%	76.75	93.90%	3.18	4.15%	107.70	95.56%	(27.77)	(25.78%)	187.64	96.88%	209.70	95.69%	(22.06)	(10.52%)
Cost of sales	36.64	45.25%	49.89	61.04%	(13.25)	(26.56%)	53.17	47.17%	(16.52)	(31.08%)	89.81	46.37%	113.90	51.97%	(24.10)	(21.15%)
Gross profit (GP)	43.30	54.16%	26.86	35.00%	16.43	61.18%	54.54	50.64%	(11.24)	(20.62%)	97.84	52.14%	95.80	45.68%	2.04	2.13%
Other Income	1.04	1.29%	4.99	6.10%	(3.94)	(79.09%)	5.00	4.44%	(3.96)	(79.16%)	6.05	3.12%	9.45	4.31%	(3.41)	(36.05%)
Total Revenue	80.98	100.00%	81.74	100.00%	(0.76)	(0.93%)	112.71	100.00%	(31.73)	(28.15%)	193.69	100.00%	219.15	100.00%	(25.47)	(11.62%)
Selling expenses	48.06	59.35%	45.49	55.65%	2.57	5.65%	37.69	33.44%	10.37	27.53%	85.75	44.27%	106.26	48.48%	(20.51)	(19.30%)
Administrative expenses	26.33	32.51%	28.65	35.05%	(2.32)	(8.11%)	23.80	21.12%	2.53	10.61%	50.13	25.88%	58.34	26.62%	(8.21)	(14.07%)
Profit before interest & tax (EBIT)	(30.05)	(37.10%)	(42.29)	(51.74%)	12.25	28.96%	(1.94)	(1.72%)	(28.10)	(1445.54%)	(31.99)	(16.52%)	(59.34)	(27.08%)	27.35	46.09%
Finance costs	1.52	1.88%	1.62	1.98%	(0.10)	(6.00%)	1.63	1.45%	(0.11)	(7.00%)	3.15	1.63%	3.43	1.57%	(0.28)	(8.11%)
Income tax	(5.76)	(7.11%)	(8.73)	(10.68%)	2.97	34.02%	(0.66)	(0.58%)	(5.10)	(777.05%)	(6.42)	(3.31%)	(12.46)	(5.69%)	6.04	48.50%
Profit for the period	(25.80)	(31.87%)	(35.18)	(43.04%)	9.37	26.64%	(2.92)	(2.59%)	(22.88)	(783.55%)	(28.73)	(14.83%)	(50.31)	(22.96%)	21.58	42.90%
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)	(25.80)	(31.87%)	(35.18)	(43.04%)	9.37	26.64%	(2.92)	(2.59%)	(22.88)	(783.55%)	(28.73)	(14.83%)	(50.31)	(22.96%)	21.58	42.90%
EBITDA	(24.62)	(30.40%)	(36.18)	(44.26%)	11.56	31.96%	3.57	3.16%	(28.18)	(790.32%)	(21.05)	(10.87%)	(46.20)	(21.08%)	25.15	54.44%

Note : 1. % GP margin calculated to sales

Total Revenue

Total revenues for the 2nd Quarter of 2022 were THB 80.98 million decreased by 0.93% from the same period last year (YoY) and decreased by 28.15% compared to 1st Quarter 2022 (QoQ). The first 6 months of 2022 was THB 193.69 million decreased by 11.62% from the same period last year (YoY). Revenue structure came mainly from the Retail shop 41.09%, Oversea 37.50%, E-commerce 8.86%, General Trade 4.79%, Modern Trade 4.63% and Other revenue 3.12% (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 6 months of 2022 declined by 16.95%.

The decline in sale revenue was a direct impacts of the current sluggish economy as inflation remains high and the tourism sector has been slow to take off. For the overseas market, particularly the China market, sales were greatly affected from the China's insistence on the Zero Covid

policy, prompting massive lockdown in many cities. We, however, expect that the situation will improve as the lock down has been lifted since early June.

Gross Profit

Gross Profit for the 2nd Quarter 2022 was THB 43.30 million which are increased 61.18% from the same period last year (YoY), decreased by 20.62% compared to 1st Quarter 2022 (QoQ). The first 6 month of 2022 was THB 97.84 million increased by 2.13% from the same period last year (YoY).

Gross profit margin 2nd Quarter 2022 were 54.16%, increased from the same period last year (35.00%) and increased from the 1st Quarter 2022 (50.64%). The first 6 months 2022 was 52.64%, increased from the same period last year (45.68%)

Profit margin in Q2-2022, not factoring in the Promotion Clearance Sales goods, is at a normal level of 58.37%. (Q.2-2021, we accrued stock provision higher than 2022, that was impacted the lower profit margin)

Selling expenses

Selling expenses for 2nd Quarter 2022 was THB 48.06 million, increased by 5.65% from the same period last year (YoY), and increased by 27.53% compared to 1st Quarter 2022 (QoQ). The first 6 month of 2022 was THB 85.75 million decreased by 19.30% from the same period last year (YoY).

Selling expenses were down compared to the same period last year as the result of our business strategies implemented in the year 2021 to shut down non-performing branches. Therefore, fixed costs such as salary and rental were down during of this year.

However, selling expenses during Q2 of this year was up as the company invested more in marketing activities such as hiring a variety of presenters to promote the company's top selling products.

Administrative expenses

Administrative expenses 2nd Quarter 2022 was THB 26.33 million decreased by 8.11% from the same period last year (YoY), and increased by 10.61% compared to 1st Quarter 2022 (QoQ). The first 6 month of 2022 was THB 50.13 million decreased by 14.07% from the same period last year (YoY).

Administrative cost were down compared to the same period last year as the result of the company's restructuring policy in 2021 aiming to streamline the organization and reduce future costs. Therefore, lowering the administrative expenses in this year.

Net Profit (loss)

Net profit (loss) for 2nd Quarter 2022 was THB (25.80) million decreased by 26.64% from the same period last year (YoY), and increased by 783.55% compared to 1st Quarter 2022 (QoQ). The first 6 month of 2021 was THB (28.73) million decreased by 42.90% from the same period last year (YoY). Net profit (loss) declined mainly from business restructuring and cost saving program.

Statement of Financial Position

Total assets as at June 30, 2022 were THB 926.41 million decreased THB 47.70 million or 4.90% from 31 December 2021 and Cash and cash equivalents were THB 48.50 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 35.91 million, inventory were THB 132.65 million, property, plant and equipment were THB 144.49 million.

Total liabilities were THB 181.52 million decreased THB 18.97 million or 9.46% from 31 December 2021, liabilities mainly came from liabilities under leases THB 104.33 million (TFRS16 standards regarding leases) including current portion of leases liabilities THB 43.17 million, trade account payable THB 32.00 million, accrued expenses THB 21.52 million. Total shareholders' equity was THB 744.88 million decreased THB 28.73 million or 3.71% from December 31, 2021.

Statement of Cash Flows

For the year end of June 30, 2022, the company had net cash inflows by (used in) operating activities of THB (1.96) million, net cash inflows by (used in) investing activities THB 12.29 million. Then cash and cash equivalents as at the end of period of THB 48.50 million.

Financial Ratio

Financial Ratio	30/6/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
Current ratio	5.34	5.12	4.30	4.38	3.49	3.04	3.17
Finished goods days	192	204	217	168	116	89	110
Total inventory days	271	280	287	215	150	118	143
Return on equity	-7.57%	-9.96%	-10.90%	19.12%	64.78%	81.27%	53.15%
Return on assets	-6.05%	-7.86%	-8.75%	15.04%	48.23%	60.17%	40.45%
Debt to equity	0.24	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