

August 13 ,2020

Dear Director and The Manager of SET

Re: Clarification on the Operating Result of Quarter 2/2020

Thailand economy's condition of the quarter 2/2563 had a tendency to severely shrink from both domestic and international demand which were impacted by the coronavirus (COVID-19) pandemic and various severe measures for controlling the outbreak. Therefore it affected to the economic activities of almost all sectors which have been disrupted, particularly the tourism sectors. The consumption of private sectors of almost all categories of the commodities was shrank. The employment and household income were decreased, together with household debt that remained stay in high level, therefore it caused the decrease of household sector's purchasing power continually. While the investment of private sectors was highly shrank, particularly the investment on machinery and equipment as well as the lockdown measures that has been started since late of the first quarter of 2020 by closing the enterprises that might have risks toward the outbreak of coronavirus (COVID-19), particularly the department stores, beauty salons and beauty equipment suppliers which are the sales channels of the Company. Therefore, its sales revenue was unavoidably impacted. Though the lockdown was gradually released since 17 May 2020, purchase power of consumers remained stay in low level. According to the economic factors as mentioned above, the Company's sales revenue was Baht 139.11 million. It decreased Baht 138.71 million or equivalent to 49.93% compared to previous year. Cost of goods sold amount to Baht 75.41 million. It decreased Baht 70.59 million or equivalent to 48.35 % compared to previous year. It's a result from the decrease of sales revenue. However, the ratio of cost of goods sold toward sales revenue was increased from previous year 52.55% to 54.21%. It came from the sales of high cost goods with the increased portion and the sales promotion activities to clear existing goods in stock. Distribution cost and administrative expenses amount to Baht 80.86 million, it decreased from the same period of previous year amount to Baht 52.42 million or equivalent to 39.33% which gained from the control of expense in various categories such as employees and marketing expense.

Other revenues was Baht 4.53 million. It decreased Baht 2.74 million or equivalent to 37.72% compared to previous year by receiving from dividend received, income compensation expense, rental income. Money income was Baht 0.50 million. It decreased to Baht 0.28 million or equivalent to 36.07% receiving from the reduction of deposit interest rate and the profit from fair value measurement of other current financial assets which is short-term investment amount to Baht 0.08

million including of the profit from the sale of assets for the right of using the area unit in Siam Paragon amount to Baht 5.85 million.

The financial structure of the Company was in the strength level and cash flow could be managed effectively, hence there was no interest paid from loans agreement but there was interest expense from lease agreement amount to Baht 0.24 million. Since 1 January 2020, the Company has adopted the Accounting Standards – IFRS 16 “Leases” to practice and there was no retrospective restatement of previous year as comparative. According to the above mentioned reasons, they affected to the Company’s loose before corporate income tax amount to Baht 6.45 million. It decreased Baht 12.83 million or equivalent to 201.26%. The Company’s income of income tax amount to Baht 1.97 million has gained from the change of deferred income tax balance. Hence, the net loss was Baht 4.48 million. It decreased Baht 10.34 million or equivalent to 176.51% compared to the same period of previous year.

Very truly yours,

.....

Mrs. Teerada Ambhanwong
Managing Director&CEO