



O.C.C. Public Company Limited

Information Memorandum on the Disposal of Assets

November 2021

(Translation)

Part 1

Information on the Disposition of Land Assets

1. Name and Address of the Listed Company

Company's Name : O.C.C. Public Company Limited
Address : No. 729/4-7 Radchadaphisek Road, Bangpongpan,
Yannawa, Bangkok 10120
Telephone : 02-295-4545, 02-295-4567
Fax : 02-295-0411

2. Date, Month, Year and Number of the Company's Board of Directors' Meeting approves the Disposition of Assets

- The Company's Board of Directors' Meeting, No. 5/2564 on November 2, 2021

3. Transaction Date

- Within December 2021

4. Related Party

- Seller : O.C.C Public Company Limited
- Purchaser : PRVK Company Limited and 918 Land Company Limited

Shareholder Structure of PRVK Company Limited

| <u>Shareholders</u> | <u>Number of Shares</u> |
|-----------------------------------|-------------------------|
| 1. Mr. Sakorn Suksriwong | 499,998 shares |
| 2. Mr. Thanaphat Wongwaithanaskul | 1 share |
| 3. Mr. Wittawat Phanphanich | 1 share |
| Total | <u>500,000 shares</u> |

Shareholder Structure of 918 Land Company Limited

| <u>Shareholders</u> | <u>Number of Shares</u> |
|-----------------------------------|-------------------------|
| 1. Mr. Sakorn Suksriwong | 499,998 shares |
| 2. Mr. Thanaphat Wongwaithanaskul | 1 share |
| 3. Mr. Wittawat Phanphanich | 1 share |
| Total | <u>500,000 shares</u> |

5. Relationship

- No relationship between seller and purchasers. Both purchasers are third parties and are not connected persons. Both have no connection to the directors and / or executives and/or major shareholders, including those involved in such persons.

6. Characteristics of Transactions

Transaction Type: A Transaction Type 2 pursuant to the notification of the Board of Governor of the Stock Exchange of Thailand. Re: Acquisition or Disposition of Assets.

Determination of the Transaction Value: The Company's pricing comparison gained from 3 sources as a criteria for comparative evaluation as follows: net book value of land as recorded according to the historical cost of land as at November 1, 2021, amounting to Baht 221,103,986.29, appraisal price from the Department of Land as at November 1, 2021, which was approximately Baht 142,414,000 and actual trading price of land in the vicinity, which

was approximately Baht 174,572,000 – 275,640,000, then the Company takes the highest price which it is the actual trading price of land in the vicinity to be the transaction value and for transaction size's calculation.

Transaction Size: Equivalent to 21.68 % and 22.04% of the Company's consolidated assets as at June 30, 2021 and September 30, 2021, respectively, which pursuant to the criteria for Acquisition or Disposition of Assets of the Listed Company, which must be notified to the Stock Exchange of Thailand and send the circular letter to the shareholders for acknowledgement within 21 days from the date of notification to the Stock Exchange of Thailand.

Transaction Count: No entries of the same transaction type occur during the past 6 months.

7. Disposition of Assets' Information

- Land of the title deed no. 5450, map sheet no. 5136 III 6412-6, land no. 278, dealing file no. 5234, which is located on Tambon Bang Klo, Amphoe Bang Kho Laem, Bangkok and land size is about 2-1-18.8 Rai
- An empty land with no construction, which the Company has acquired since December 2020, at a price of THB 220,512,000.

8. Land Price in Square Wa: THB 300,000 per square wa

9. Total Proposed Land Price for Sale: THB 275,640,000

10. Obligation: -NIL-

11. Payment: Cash payment by determining to pay the deposit amount of Baht 40,000,000 on the date to sign on Sale and Purchase Contract for Land (2 November 2021). Balance amount of Baht 235,640,000 shall be paid on the date of Land Trading Registration and Land Ownership Transfer at the Land Office, where the land is located, within December 2021.

12. Benefit gains from Sale of Land: To increase financial liquidity and take it for business working capital.

13. Opinion of the Company's Board of Directors: The Company's Board of Directors agreed to approve the sale of land as above contents. The Company has determined that the price at which the land is being sold, has appropriation. The Company has determined to take the value basing on net book value of land, appraisal price of the Department of Land and actual trading price of land in the vicinity to be a criterion for evaluating comparison and found that the price offering by the Company is higher than net book value of land and appraisal price of the Department of Land but it closes to the actual trading price of the land in the same location on vicinity. Therefore, it is reasonable and considered to be the Company's benefit.

14. Opinion of Audit Committee and/or the Company's Directors which is different from the Board of Directors' Opinion as per 13: -NIL-

15. Accuracy of Information: The Company discloses information accurately and completely, no inaccurate disclosure and causes misunderstanding or lack of information that needs to be notified with significant substance. And to notify that financial statements and financial information which are summarized in the information have a complete disclosure of significant substance regarding the financial status, the Company's performance and cash flow.

16. Other Information that may have a significant Impact on Investors' Decision: -NIL-

Part 2 Company General Information

Business Operation

History

O.C.C. Public Company Limited has been established and operated business since 1973 with the initial name “O’Leary Covermark Center Company Limited”, for being the beauty service center to distribute “O’Leary Covermark” cosmetics. Later on, the Company expanded its distribution channels to department stores and beauty salons across Thailand with sustainable growth and to distribute more diverse products..

Overview of the Company’s Business Operation

The Company has been granted approval to be the listed company in the Stock Exchange of Thailand since 1987. In 1994, the Company was transformed to be the “Public Company Limited” and its distribution was expanded with more diverse products. Major product groups are as follows:

- Cosmetic Group:** consists of cosmetics for face and body, such as Covermark, Sungrace, KMA, Paul & Joe and hair care products such as Shiseido Professional, BSC Hair Care
- Clothing Group:** consists of woman underwear, sleepwear, lady sportswear, under the brand Guy Laroche, G&G and Gunze
- Others:** consists produce/distribution of foods service and beverages

Major business operation of the Company is to distribute the products domestically. Main target customers of the Company are mostly working-age ladies who have their taste to apply good quality products with a truly attentive service for enhancing their beauty, personality and confidence, as well as to take care of skin, physical and mental health, to strengthen happiness for themselves and close persons.

Revenue Structure

| Product Group | 9 Months Year 2021 | Ratio | Year 2020 | Ratio | Year 2019 | Ratio | Year 2018 | Ratio |
|---------------|-----------------------|---------|-----------|---------|-----------|---------|-----------|---------|
| Cosmetics | 445,539 | 91.18% | 791,353 | 91.71% | 1,001,606 | 88.85% | 1,112,684 | 87.29% |
| Clothes | 31,990 | 6.65% | 65,827 | 7.63% | 125,686 | 11.15% | 160,549 | 12.59% |
| Others | 11,080 | 2.27% | 5,707 | 0.66% | 2 | 0.00% | 1,535 | 0.12% |
| Total | 488,609 | 100.00% | 862,887 | 100.00% | 1,127,294 | 100.00% | 1,274,768 | 100.00% |

The Company's Business Trends

1. Future Plan

The Company has a plan to develop products and services which are concerned with beauty and lifestyle for enhancing personality, adding up confidence and creating elegant beauty. This is the Company's business line with existing knowledge and expertise in order to respond to the demand of the different kinds of consumer, which keeps maintaining the good quality and appropriate price. Furthermore, the Company has a plan to expand its distribution channels via E-Commerce including to approach more with the digital market, in order to facilitate the target group to access the products simply.

Furthermore, the Company has a policy to increase the Company's assets and to expand its channel to operate business in landed property type. The Company has a future plan to add value of the property by having land development to be community mall for sale and/or for short-term/long-term rental and/or may sell some part of land or resell the entire plot if it gets a good price and some space can be able to support the Company's office relocation in the future by considering upon its suitable location.

2. Risk Factors

▪ Operational Risks

The Company's business operation is the distribution of cosmetic and clothing products by importing them directly from overseas 0.91% and 99.09% balance are purchased from international license's manufacturers. Present day, Pias Intercosmex (Thailand) Co., Ltd. is the Company's major supplier. Previous year, the Company had ordered and purchased the goods in high ratio amounting to Baht 199.58 million or equivalent 45.69% of the Company's total purchase amount.

Above mentioned company is the licensor of the Company's major products and the Company holds an authorized license to be the sole distributor in Thailand. Therefore, there is no obstacle for the continuous business operation in the future.

▪ Consumer Behavior Risks

Nowadays, consumer behavior is changing quite a lot. They prefer to try new products and services. They are sensitive to various simulations, therefore, sometimes consumption behavior is following popular trends, and has affected brand royalty to be less.

The Company manages the risk by paying attention to opinion and suggestion from different groups of consumers and has adopted it for developing the products and services to have outstanding quality, be modern, have standard, touch and more worth for consumers. Furthermore, Customer Relationship Management is another channel to communicate with the customers for prompt response to customers' demand. Furthermore, this helps maximize the level of satisfaction and impression that would help maintain existing customers and increase the number of new customers.

▪ Financial Risks

The assets and liabilities as shown on the Balance Sheet consisted of cash, cash equivalent, fixed deposit, investment, trade accounts receivable and payable, and other revolving payables. The accounting policies in recording and measurement these financial instruments are disclosed in the released notes to the related financial statements. The Company has minimized the risks of using financial instruments as follows:

1. Risk on Credit

Risk on credit granting, may occur if customers fail to comply with the agreement. The Company has a policy to prevent this risk by having an analysis of the customers' financial status. There is a measure to carefully control the credit line and to monitor it

closely. The maximum value of risk on credit is equivalent to the next book value of mentioned assets after reduction of the allowance for doubtful debt as shown on the balance sheet.

2. Risk on Interest Rates

Risks that arise from the change in interest rates may cause damage to the Company in the current period and subsequent installments. However the Company expects to be able to manage the risks that may arise, because the Company is constantly planning and monitoring the situation at all times. Present, the Company has no outstanding loans.

3. Risk on Exchange Rates

As of 30 September 2021, the Company has no foreign currency loan, but imported the products from overseas with small amounts. The Management believes that the current exchange rate of risk stays at a low level.

Capital Structure

▪ Company's Security

The Company's registered capital was Baht 80 million. Baht 60 million had been paid by dividing to be 60,000,000 ordinary shares, at the par value of 1 Baht per share.

▪ Shareholders

- a) Name list of the top 10 major shareholders with numbers and shareholding ratio as at the Record Date at 8 November 2021 is as follows:

| Major Shareholders | Number of Shares | Ratio |
|--|-------------------|---------------|
| 1. I.C.C. International Public Company Limited | 11,839,980 | 19.733 |
| 2. Mr. Samrerng Manoonpol | 9,241,540 | 15.403 |
| 3. Saha Pathana Inter-Holding Public Company Limited | 8,615,400 | 14.359 |
| 4. I.D.F. Co., Ltd. | 3,136,680 | 5.228 |
| 5. Mr. Boonkiet Chokwatana | 2,844,335 | 4.741 |
| 6. Mrs. Teerada Ambhanwong | 1,831,325 | 3.052 |
| 7. Watsadoramai Co., Ltd. | 1,624,570 | 2.708 |
| 8. Mr. Boonyasithi Chokwatana | 1,357,490 | 2.262 |
| 9. Mrs. Revadee Dhanasarnsilp | 994,960 | 1.658 |
| 10. Mr. Thananun Ua-Arak | 931,990 | 1.553 |
| Total | 42,418,270 | 70.697 |

▪ The Company's Board of Directors and Executive Committee

- a) Name list of the Company's Board of Directors and report of security holding for 2020 and 2021 as at the Record Date on 8 November 2021

| Name-Surname | Number of Share Held (Share) | | Change of Number of Share Increase/Decrease During the Year | Shareholding Ratio in the Company |
|--|------------------------------|-----------------|---|--------------------------------------|
| | 31 December 2020 | 8 November 2021 | | |
| Mrs. Kanchana Saisiriporn Chairman | 200,000 | 200,000 | - | 0.33% |
| spouse and minor children | - | - | - | - |
| Mrs. Teerada Ambhanwong Managing Director & CEO | 1,831,325 | 1,831,325 | - | 3.05% |
| spouse and minor children | - | - | - | - |
| Mr. Manu Leelanuwatana Director | - | - | - | - |

| Name-Surname | Number of Share Held (Share) | | Change of Number of Share Increase/Decrease During the Year | Shareholding Ratio in the Company |
|--|------------------------------|-----------------|---|--------------------------------------|
| | 31 December 2020 | 8 November 2021 | | |
| spouse and minor children | - | - | - | - |
| Mrs. Tipaporn Chokwatana Director | 135,000 | 135,000 | - | 0.23% |
| spouse and minor children | 2,844,335 | 2,844,335 | - | 4.74% |
| Mr. Worathep Assavakasem Director | - | - | - | - |
| spouse and minor children | - | - | - | - |
| Mr. Thitipoom Chokwatana Director | 349,450 | 349,450 | - | 0.58% |
| spouse and minor children | - | - | - | - |
| Mrs. Watchanee Watanathawanwong Independent Director | - | - | - | - |
| spouse and minor children | - | - | - | - |
| Mr. Wanchai Umpueng-art Independent Director | - | - | - | - |
| spouse and minor children | - | - | - | - |
| Mr. Kanit Kunavudhi Independent Director | - | - | - | - |
| spouse and minor children | - | - | - | - |

**b) Name list of the Company's Executive Committee and report of security holding
for 2020 and 2021 as at the Record Date on 8 November 2021.**

| Name-Surname | Number of Share Held (Share) | | Change of Number of Share Increase/Decrease During the Year | Shareholding Ratio in the Company |
|--|------------------------------|-----------------|---|--------------------------------------|
| | 31 December 2020 | 8 November 2021 | | |
| Mrs. Teerada Ambhanwong Managing Director & CEO | 1,831,325 | 1,831,325 | - | 3.05% |
| spouse and minor children | - | - | - | - |
| Mrs. Chantira Tangtanasingkarn Director Accounting Finance Division | - | - | - | - |
| spouse and minor children | 51,210 | 51,210 | - | 0.09% |
| Ms. Rattana Wonglertwit Director Managing Director Office | 196,790 | 196,790 | - | 0.33% |
| spouse and minor children | - | - | - | - |
| Ms. Siriporn Tangtanasingkarn Director Cosmetic Marketing Division | 2,000 | 2,000 | - | 0.00% |
| spouse and minor children | - | - | - | - |
| Dr. Pattara Pathumarak Director Managing Director Office | - | - | - | - |
| spouse and minor children | - | - | - | - |

Policy on Dividend Payment

The Company has a policy on annual dividend payment to the shareholders at the rate of not less than Baht 0.20 per share or equivalent to 20 % of par value by determining on the Company's operational results and the economic situation as majority. Over the past 4 years, the Company has consistently allocated profit to pay dividends to the shareholders fairly and frequently at an appropriate rate in accordance with the current economic conditions as summarized as below:

| Year | 2020 | 2019 (Interim Dividend) | 2018 | 2017 |
|----------------------------|--------------|-------------------------|----------------|---------------|
| Profit for the Year (Baht) | 5,112,927.00 | 31,559,805.00 | 169,094,491.00 | 63,248,406.00 |
| Value of Share (Baht) | 1.00 | 1.00 | 1.00 | 1.00 |
| Dividend per Share (Baht) | 0.15 | 0.25 | 0.80 | 0.65 |
| Total Amount (Baht) | 9,000,000.00 | 15,000,000.00 | 48,000,000.00 | 39,000,000.00 |
| Proportion (%) Net Profit | 176.02% | 47.53% | 28.39% | 61.66% |

Part 3

Company's Financial Information

Financial Position and Operating Results

Financial Statements

a) Audit Report

Audit Report Summary in the past 3 years, the Company's Auditor expressed an opinion on the unconditional audit.

b) Financial Statement Summary Table

(Unit 1:1000 Baht)

| Items | Jan-Sep. 2021 | | 2020 | | 2019 | | 2018 | |
|--|---------------|---------|---------|---------|-----------|---------|-----------|---------|
| Revenue from Sales and Management | 488,609 | 100.00% | 862,886 | 100.00% | 1,127,294 | 100.00% | 1,274,768 | 100.00% |
| Less Cost of sales | 276,367 | 56.56% | 466,788 | 54.10% | 591,010 | 52.43% | 641,289 | 50.31% |
| Gross Profit | 212,242 | 43.44% | 396,099 | 45.90% | 536,284 | 47.57% | 633,479 | 49.69% |
| Less Sales and Management Expenses | 261,206 | 53.46% | 405,735 | 47.02% | 509,297 | 45.18% | 618,641 | 48.53% |
| Operating Profit | (48,964) | -10.02% | (9,637) | -1.12% | 26,987 | 2.39% | 14,838 | 1.16% |
| Plus other Incomes | 6,498 | 1.33% | 16,752 | 1.94% | 11,838 | 1.05% | 196,125 | 15.39% |
| Profit before Interest Paid and Income Tax | (42,466) | -8.69% | 7,115 | 0.82% | 38,825 | 3.44% | 210,963 | 16.55% |
| Less Interest Paid | 1,286 | 0.26% | 980 | 0.11% | 0 | 0.00% | 283 | 0.02% |
| Profit (Loss) before Income Tax | (43,752) | -8.95% | 6,135 | 0.71% | 38,825 | 3.44% | 210,680 | 15.53% |
| Less Income Tax | (8,388) | -1.72% | 1,022 | 0.12% | 7,265 | 0.64% | 41,585 | 3.26% |
| Net Profit (Loss) | (35,364) | -7.24% | 5,113 | 0.59% | 31,560 | 2.80% | 169,095 | 13.26% |

| Items | Jan-Sep. 2021 | | 2020 | | 2019 | | 2018 | |
|---------------------------------|---------------|---------|---------|---------|-----------|---------|-----------|---------|
| Total Revenues | 495,107 | 100.00% | 879,638 | 100.00% | 1,139,132 | 100.00% | 1,470,893 | 100.00% |
| Total Expenses | 538,859 | 108.58% | 873,503 | 99.30% | 1,100,307 | 96.59% | 1,260,213 | 85.68% |
| Profit (Loss) before Income Tax | (43,752) | -8.84% | 6,135 | 0.70% | 38,825 | 3.41% | 210,680 | 14.32% |
| Less Income Tax | (8,388) | -1.69% | 1,022 | 0.12% | 7,265 | 0.64% | 41,585 | 2.83% |
| Net Profit (Loss) | (35,364) | -7.14% | 5,113 | 0.58% | 31,560 | 2.77% | 169,095 | 11.50% |

c) Key Financial Ratios

| | Sep 2021 | 2020 | 2019 | 2018 |
|---|-------------|------------|------------|------------|
| <u>LIQUIDITY RATIO</u> | | | | |
| Liquidity Ratio | 2.55 times | 2.45 times | 4.32 times | 3.83 times |
| Quick Liquidity Ratio | 0.62 times | 1.08 times | 1.45 times | 1.30 times |
| Cash Flow Liquidity Ratio | -0.15 times | 0.25 times | 0.08 times | 0.17 times |
| Trade Account Receivable Turnover Ratio | 4.56 times | 5.60 times | 6.26 times | 6.07 times |
| Average Collection Period | 59 day | 64 day | 57 day | 59 day |
| Accounts Payable Turnover Ratio | 1.18 times | 2.13 times | 2.52 times | 2.75 times |
| Average Sales Period | 228 day | 169 day | 143 day | 131 day |
| Accounts Payable Turnover Ratio | 3.31 times | 5.98 times | 6.57 times | 5.87 times |
| Repayment Period | 82 day | 60 day | 55 day | 61 day |
| Cash Cycle | 205 day | 173 day | 145 day | 129 day |
| <u>PROFITABILITY RATIO</u> | | | | |
| Gross Profit Margin | 43.44 % | 45.90 % | 47.57 % | 49.69 % |
| Operating Profit Margin | -10.02 % | -1.12 % | 2.39 % | 1.16 % |
| Other Profit Margin | 1.31 % | 1.90 % | 1.04 % | 13.33 % |
| Cash Ratio to Profitability Ratio | 54.29 % | -453.31 % | 47.14 % | 283.99 % |
| Net Profit Margin | -7.14 % | 0.58 % | 2.77 % | 11.50 % |
| Return on Shareholder's Equity | -3.45 % | 0.50 % | 3.14 % | 17.72 % |
| <u>EFFICIENCY RATIO</u> | | | | |
| Return on Assets | -2.73 % | 0.40 % | 2.50 % | 13.16 % |
| Return on Fixed Assets | -3.27 % | 4.74 % | 12.35 % | 49.24 % |
| Asset Turnover Ratio | 0.38 times | 0.68 times | 0.90 times | 1.14 times |
| <u>FINANCIAL RATIO</u> | | | | |

| | Sep 2021 | 2020 | 2019 | 2018 |
|------------------------------------|-------------|------------|------------|--------------|
| Debt to Shareholder's Equity Ratio | 0.25 times | 0.28 times | 0.24 times | 0.27 times |
| Interest Coverage Ratio | N/A times | 7.26 times | N/A times | 744.87 times |
| Debt Service Corporate Ratio | -0.97 times | 2.23 times | 1.08 times | 1.37 times |
| Dividend Payment Ratio | | 176.02 % | 47.53 % | 28.39 % |

Explanation and Analysis of Financial Position and Performance

1. Performance and Financial Position

1.1 Overall of Operating Results and Financial Status in the Past

In 2021, the Company's total revenue of the first nine-month period was Baht 495.11 million, a decrease of Baht 117.70 million or equivalent 19.21% of previous year. Total expenses was Baht 530.47 million, a decrease of Baht 91.99 million or equivalent 14.78%. Net loss after the deduction of corporate income tax was Baht 35.36 million, compared with previous year it increased Baht 25.72 million or equivalent 266.58%.

As at 30 September 2021, the Company's total assets was Baht 1,250.40 million, a decrease of Baht 91.95 million or equivalent 6.85 % from 31 December 2020. Current assets decreased Baht 92.36 million and non-current assets increased Baht 0.41 million. Current assets include cash and cash equivalents decreased Baht 53.86 million. Other account receivables and current receivables decreased Baht 73.37 million, following the adjustment of sales amount and the control of effective debt management. Inventory increased Baht 68.87 million due to sales slowdown. Other current financial assets decreased Baht 39.91 million and other current assets increased Baht 5.92 million. Non-current assets which have the other non-current financial assets, increased Baht 6.92 million gaining from the increase in investments in equity securities of the listed companies and capital increase of investments in related parties. Loans to related companies decreased Baht 2.01 million receiving from the principal repayment. Investment Property decreased Baht 0.81 million. Buildings and net equipment decreased Baht 4.00 million. Right-of-use assets decreased Baht 5.17 million, which was a result of lifetime amortization. Net intangible assets decreased Baht 2.67 million from amortization during the period. Deferred tax assets increased Baht 8.22 million and other non-current assets decreased Baht 0.07 million.

Thailand's economy during the first nine months of 2021, has been severely impacted due to the new wave of COVID-19 pandemic with the number of new COVID cases daily has risen to tens of thousands. This led the government to step up the lockdowns in several provinces nationwide with pandemic control measures which are more intense. Therefore, economic activity has stalled and the investment climate remained sluggish with a decline of consumer confidence. Private consumption was slowed down in accordance with the shrinking of purchasing power. Investment of private sectors began to decline due to the additional outbreaks' expansion. The tourism sector continued to shrink due to the limit of international travel's restriction. Meanwhile, the export sectors recovered well in accordance with the demand of trading countries that improved.

According to the economic situation that is encountered with negative factors and unstable business environments will constantly change. Consumers continue to have a growing household debt burden. As a result, the purchase was suspended. Consumers purchase goods as necessary and consume in limited quantities. Furthermore, the competitive situation keeps intensifying. More competitors entered into the market continuously. Though the Company held intense promotional sales activities in various kinds of performance for stimulating purchase power, it's unable to increase the income amount to be growth. Other competitors also encountered the problem of purchase power which is limited.

There are also other factors affecting the performance of the support or hinder business operations, such as:

- 1) The government and the relevant authorities have issued the measures to stimulate spending for household sectors to mitigate the economic impact such as money grant

measure, a measure to increase credit limit, a measure to suspend debt repayment, a measure for assistance through state welfare card, We Win Project, M33 We Love Each Other Project, Half-Half campaign, the More the Project, the More Usable. However, consumer's purchasing power remains sluggish in complying with the consumer confidence index that remains at a low level.

- 2) Inflation is currently trending upwards. However, inflation remains at a low level, thus it doesn't have much effect on the cost of living of the people. Value of Thai Baht is weakening, compared with the U.S. Dollar, but it's rather stable. Therefore, no significant impact toward the cost of raw materials and finished goods imported from overseas

1.2 Policy and Plan of Company in Adaptation

- 1) According to the condition of a competitive market that tends to be more aggressive, the existing competitors and new competitors have entered the market gradually. They utilized the strategy through various dimensions for snatching the market share. The Company planned a strategy to maintaining the existing customer base and attempted to increase the numbers of new customer by promoting the activity at the sales point for stimulating of product trial and PR advertising brand directed to the target group for creating the brand awareness and interested in the products for trial and advertising to promote the brand to the target group to raise awareness and interest in the product trial. It has also expanded its sales more via online sales channels.
- 2) The Company placed importance on the development of innovative products that are outstanding for responding to the consumers' demand in any occasion as well as to regularly improve the quality of service to enhance consumers' confidence with utmost pleasure.
- 3) The Company encourages the skill for all levels of employees by conducting the training courses which will concern the business growth's strategy. To set up the Culture Working Team (CWT) for reinforcement of the Company's six core values and the corporate favorable culture under "Beauty from Within" by collaborating to define the plan for each unit to practice to reach the same target goal. The culture of team working has been built up for encouraging the employees to open their minds to listen and dare to express opinions for new works as well as to place importance on professional team work. There was knowledge exchanged for sharing among the staff from each profession via various communication inside the Company, especially via Intranet Web Board.

1.3 Operating Result of each Product Line

In 2021, the Company earned a total sales revenue from the first nine-month period, amounting to Baht 488.61 million, a decrease of 18.38% from the same period of previous year. Revenues are gained from 2 major product lines as per each total sale amount accordingly, as follows:

a) Cosmetics and Others

The total sales amount was Baht 456.62 million or equivalent 93.45% of the Company's total sales. In comparison with the same period of previous year, the rate decreased 17.26%. The decrease is caused by the slowdown of the consumers' expenditure due to the economic situation that is shrinking because of the widespread outbreak of CoronaVirus. However, the Company kept maintaining the existing customer firmly and whenever the country has recovered its confidence, the sales amount shall be at a higher level.

b) Clothing Products

The total sales amount was Baht 31.99 million or equivalent 6.55% of the Company's total sales. In comparison with the same period of previous year, the rate decreased 31.56% which was due to the direct impact from the economic situation and the purchase power's limit. The consumers remained have high-level household debt, therefore extravagant expenditure was controlled and the purchase would be made as necessity based on the benefit.

1.4 Performance versus Budget

For the past nine-month period, the Company didn't show performance forecasting on the registration statement of information on the offering of securities.

1.5 Report of Auditors

For the past nine-month period, the Company's Auditors has audited the Company's financial statement and expressed an opinion that the mentioned financial statement was accurate as materially in compliance with the standard of financial report.

1.6 Changes in Accounting Policy

The change of accounting policy in 2021, has no significant affect toward the Company's financial statement.

2. Profitable Ability

2.1 Revenue

In 2021, the Company's total revenue for the first nine-month was Baht 495.11 million. In comparison with the same period of previous year, it decreased Baht 117.70 million. The major income earned from the total sales was Baht 488.61 million, which decreased 18.38% of previous year and earned from the 2 major product lines as mentioned above.

2.2 Cost of Sales and Expense

In 2021, the cost of goods sold was Baht 276.37 million or equivalent 56.56% of total net sales that increased with the same period of previous year 2.70%. It earned from the sales of high-cost goods in greater proportion and to have promotional activities for clearing existing old stocks. The amount of sales and administrative expenses was Baht 261.21 million, decreased by Baht 40.96 million or equivalent 13.55%. It was in the same direction with the decrease in sales amount. Financial costs, which consist of interest payable on lease agreement interest payable on loan amounted to Baht 1.29 million which was increased Baht 0.57 million or equivalent 80.11%

2.3 Other Revenues

The revenues that did not earn from the regular operation, was Baht 6.50 million, a decrease of Baht 7.67 million or equivalent 54.14% from previous year. Because other revenues previously gained from the profit of sales asset of location- use- right in Siam Paragon Shopping Center, amounting to Baht 5.97 million. There was a decrease of other revenues that consist of dividend, received interest and the others.

2.4 Profit

After deducting the cost of goods sold, sales and administrative expenses from total sales revenues, the Company losses Baht 48.96 million on the operating result. It increased Baht 23.00 million or equivalent 88.61% at the same period of previous year. According to the above mentioned reasons, but when including other revenues and deducting the payable interest, the result of loss before the corporation income tax was Baht 43.75 million, it increased Baht 31.25 million or equivalent 249.90%. After deducting the corporation income tax, the net loss was Baht 35.36 million which increased 266.58% from the previous year.

2.5 Return on Shareholders' Equity

The Company had paid a dividend for the year 2020 at a total amount Baht 9.00 million, comparing in proportion it was 176.02% of the net profit for 2020.

3. Ability to Asset Management

3.1 Quality of Receivables

As at 30 September 2021, the amount of account receivables aging over 3 months was Baht 6.40 million, compared to prior year it increased 33.65% and if compared by proportion, it was only 9.48% of the total trade receivables. This reflected the management of credit that remained at a good level as well as an accelerated tracking of payment collecting closely. The Company has set up the reserve for doubtful accounts amounting to Baht 6.23 million by implementing the same regulations as 2020.

3.2 Inventories and Impairment

As at 30 September 2021, the inventory amount was Baht 268.42 million. The Company reserved the allowance of inventory impairment by taking the criterion as the same as in 2020. In 2021 the outstanding reserve is Baht 3.86 million, or equivalent 1.44%.

3.3 Investment

Within the previous 9 months, the Company had no significant additional investment transaction due to the pandemic situation and unfavorable economic conditions. However, if the overall external market conditions improve, the Company is ready to expand its investment.

4. Liquidity and Source of Funds

4.1 Suitability of Capital Structure

a) Capital structure

As at 30 September 2021, the Company has the ratio of Debt to Equity only 0.25 times by having a burden of outstanding short – term loans, amounting to Baht 30.00 million. Therefore, these indicators show an excellent financial structure and the strengthened financial position of the Company. When the business opportunity is facilitated and the economic benefits are worthwhile, the Company will be able to expand its investment by having loans from the financial institutes.

b) Equity

As at 30 September 2021, the value of shareholders' equity was Baht 1,002.02 million, it decreased Baht 43.68 million or equivalent 4.18% from 2020. This was a decrease of net loss from the first 9 months amounted to Baht 35.36 million, less dividend payment for the year 2020 amounted to Baht 9.00 million, plus with other comprehensive profit amounted to Baht 0.68 million.

c) Cash Flows

As at 30 September 2021, net cash from operating activities was Baht 26.58 million, increased from 2020 amounted to Baht 52.61 million. Total net cash from investment activities was Baht 16.09 million, increased from 2020 to Baht 11.18 million. Total net cash used in financing activities was Baht 11.19 million which had paid for dividend to the shareholders and repayment of lease liabilities. In combination with cash at the beginning of the year, cash balance was Baht 19.72 million.

d) Liabilities

As at 30 September 2021, the Company had total liabilities Baht 248.39 million, decreased from previous year Baht 48.27 million which came from the decrease of current liabilities and non-current liabilities. Majority of liabilities were trade account payables and other current payables which the Company had always paid on due period, including short-term loans from financial institutions to be used in investments.

4.2 Liquidity and Debt Repayment Capabilities

As of September 30, 2021, the Company's liquidity ratio was 2.55 times, it increased 0.11 times from 2020. The fast liquidity ratio was 0.62 times, decreased 0.46 times from 2020. These 2 liquidities remain at a high level and working capital remains sufficiently. Overall, the average cash cycle is 205 days, which is 32 days from the previous year. It's a result of the expansion of the average sales period to be longer, but it has no impact on liquidity

Current assets amounted to Baht 391.50 million, which was much higher than current liabilities amounted to Baht 238.25 million. Therefore, it clearly indicates liquidity adequacy and the ability to repay debt.

5. Key Factors and Influences that may affect the Performance or Financial Position in the Future.

The Thai economy for the rest of this year is expected to recover relatively slowly after reaching a low point in the third quarter, by having the factors that contributed to the gradual economic activity that recovered after various phases of disease control. In addition, government expenditures are disbursed in the economy including periodic stimulus measures. However, there are still a number of factors that hinder and risk the recovery, such as the new wave of COVID-19 outbreaks. Meanwhile, the tourism sector, which relies on foreign tourists remains sluggish, private investment is likely to continue to shrink due to increased closures of the business. The fragility of the labor market has been greatly affected by the economic crisis, with the unemployment rate likely to rise. As a result, private consumption expanded in a limited manner. There is also an increased risk of Thai riot politics.

However, the Company is willing to operate its business with carefulness by concerning the risk factors in business operation overall. As well as to administrate the organization with carefulness by preparing readiness in advance in order to cope with situations that may occur. To examine the problems with carefulness and rationality. To set contingency plans to support the situation in case of worse. To adhere to good corporate governance principles. We are committed to delivering products and services to meet the requirements of consumers in order to satisfy and impress their utmost pleasure. To emphasize on monitoring the IT systems in various aspects for making decisions and solving problems in a timely manner. To improve employee skills and develop employees to manage their work as professionals. To enhance the working atmosphere for achieving shared power and ready to move on to sustainable mutual success forever.

6. Legal Disputes

The Company has no legal disputes in such a case that the Company will have a significant negative impact on the Company's business operations.