

Subject: Performance discussion and analysis for the 1<sup>st</sup> Quarter of 2021

To: Director and manager of the Stock Exchange of Thailand

**Financial Performance Summary – 1<sup>st</sup> Quarter of 2021**

Beauty Community Public Co., Ltd. is pleased to announce its financial and operating results for 1<sup>st</sup> Quarter of 2021 to compare with the operating results in the 1<sup>st</sup> Quarter of 2020 as follows:

- Total Revenue in 1<sup>st</sup> Quarter 2021 was THB 137.41 million, a decreased of 49.17% from the same period last year (YoY).
- Gross Profit in 1<sup>st</sup> Quarter 2021 was THB 67.48 million, a decreased of 55.09% from the same period last year (YoY).
- Selling expenses in 1<sup>st</sup> Quarter 2021 was THB 60.77 million, a decreased of 51.32% from the same period last year (YoY).
- Administrative expenses in 1<sup>st</sup> Quarter 2021 was THB 29.69 million, a decreased of 52.70% from the same period last year (YoY).
- Net Profit (loss) in 1<sup>st</sup> Quarter 2021 was THB (15.13) million, a decreased of 61.86% from the same period last year (YoY).

Million Baht	Q1				YoY		Q4		QoQ	
	2021	%	2020	%	+ / -	%	2020	%	+ / -	%
Revenue from sales	131.49	95.69%	267.27	98.87%	(135.77)	(50.80%)	190.83	98.31%	(59.34)	(31.09%)
Cost of sales	64.01	46.58%	116.99	43.28%	(52.98)	(45.29%)	88.61	45.65%	(24.60)	(27.76%)
<b>Gross profit (GP)</b>	67.48	51.32%	150.27	56.23%	(82.79)	(55.09%)	102.22	53.57%	(34.74)	(33.98%)
Other Income	5.92	4.31%	3.05	1.13%	2.87	93.92%	3.27	1.69%	2.65	80.83%
<b>Total Revenue</b>	137.41	100.00%	270.32	100.00%	(132.91)	(49.17%)	194.10	100.00%	(56.69)	(29.21%)
Selling expenses	60.77	44.22%	124.82	46.17%	(64.05)	(51.32%)	75.83	39.07%	(15.07)	(19.87%)
Administrative expenses	29.69	21.60%	62.76	23.22%	(33.08)	(52.70%)	31.48	16.22%	(1.79)	(5.69%)
<b>Profit (loss) before interest &amp; tax (EBIT)</b>	(17.05)	(12.41%)	(34.25)	(12.67%)	17.21	50.23%	(1.81)	(0.93%)	(15.23)	(840.19%)
Finance costs	1.81	1.32%	5.00	1.85%	(3.18)	(63.70%)	2.09	1.07%	(0.27)	(13.03%)
Income tax	(3.73)	(2.72%)	0.43	0.16%	(4.16)	(973.06%)	(22.81)	(11.75%)	19.08	83.64%
<b>Profit (loss) for the period</b>	(15.13)	(11.01%)	(39.68)	(14.68%)	24.55	61.86%	18.91	9.74%	(34.04)	(180.01%)
Other comprehensive income	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>Total comprehensive income for the period (net)</b>	(15.13)	(11.01%)	(39.68)	(14.68%)	24.55	61.86%	18.91	9.74%	(34.04)	(180.01%)
EBITDA	(10.02)	(7.29%)	(22.59)	(8.36%)	12.57	55.63%	6.27	3.23%	(16.29)	(259.79%)

Note : 1. % GP margin calculated to sales

**Total Revenue**

Total revenues for the 1st Quarter of 2021 was THB 137.41 million decreased by 49.17% from the same period last year (YoY) and decreased by 29.21% compared to 4th Quarter 2020 (QoQ). Revenue structure came mainly from Oversea 44.74%, the Retail shop 41.39%, E-commerce 7.23%, Modern Trade 2.47%, General Trade 0.92% and Other revenue 3.25% (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 1st Quarter of 2021 declined by -27.50%.

The COVID-19 crisis certainly is a major contributing factor to the 1<sup>st</sup> quarter of 2021 heavy revenue loss and also severely impacted Thailand tourism industry which saw a drastic drop in the tourist number particularly from China.

In term of market competition, both existing and new competitors also competed heavily in offering sale and promotional activities. The consumer's behavior also significantly changing from buying from physical store to online channel. In summary, even though we were able to reopen

shops as per normal, the ever changing consumer behavior and the ongoing slowdown in market consumption were still major obstacles in achieving our targeted sale in the first half of the year.

#### **Gross Profit**

Gross Profit for the 1<sup>st</sup> Quarter 2021 was THB 67.48 million decreased by 55.09% from the same period last year (YoY), decreased by 33.98% compared to 4<sup>th</sup> Quarter 2020 (QoQ).

Gross profit margin 1<sup>st</sup> Quarter 2021 was 51.32%, decreased from the same period last year (56.23%) and decreased from the 4<sup>th</sup> Quarter 2020 (53.57%).

The reasons for the decline of GP still has mainly to do with increasing of promotion to boost sales and Promotion Clearance Sales to compete with other competitors in the fierce competition in the cosmetics business.

#### **Selling expenses**

Selling expenses for 1<sup>st</sup> Quarter 2021 was THB 60.77 million, decreased by 51.32% from the same period last year (YoY), and decreased by 19.87% compared to 4<sup>th</sup> Quarter 2020 (QoQ). 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 1<sup>st</sup> Quarter 2021 was THB 29.69 million decreased by 52.70% from the same period last year (YoY), and decreased by 5.69% compared to 4<sup>th</sup> Quarter 2020 (QoQ). 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 1<sup>st</sup> Quarter 2021 was THB (15.13) million decreased by 61.86% from the same period last year (YoY), and increased by 180.01% compared to 4<sup>th</sup> Quarter 2020 (QoQ). Net profit (loss) declined mainly came from lower revenue and Gross Profit.

#### **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 1<sup>st</sup> Quarter 2021, the company invested a total of THB 8.94 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 March 31, 2021 were THB 1,037.64 million decreased THB 44.62 million or 4.12% from 31 December 2020 and Cash and cash equivalents were THB 208.72 million, temporary investments were THB 250.00 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 31.10 million without doubtful debt, inventory were THB 187.13 million, property, plant and equipment were THB 157.44 million.

Total liabilities were THB 204.87 million decreased THB 29.48 million or 12.58% from 31 December 2020, liabilities mainly came from liabilities under leases THB 107.40 million (revised according to TFRS16 standards regarding leases) including current portion of leases liabilities THB 51.14 million, trade account payable THB 26.30 million, accrued expenses THB 27.83 million. Total shareholders' equity was THB 832.77 million decreased THB 15.13 million or 1.78% from December 31, 2020.

#### **Statement of Cash Flows**

For the year end of March 31, 2021, the company had net cash inflows by operating activities of THB 80.74 million. Then cash and cash equivalents as at the end of period of THB 208.72 million.

#### **Financial Ratio**

<b>Financial Ratio</b>	<b>31/1/2021</b>	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Current ratio	5.27	4.30	4.38	3.49	3.04	3.17
Finished goods days	207	217	168	116	89	110
Total inventory days	278	287	215	150	118	143
Return on equity	-7.20%	-10.90%	19.12%	64.78%	81.27%	53.15%
Return on assets	-5.71%	-8.75%	15.04%	48.23%	60.17%	40.45%
Debt to equity	0.25	0.28	0.22	0.31	0.37	0.33

Your faithfully,

**Beauty Community Public Company Limited**

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**( Miss Netnapha Saelim )**

**Finance and Accounting Director**