

Subject: Performance discussion and analysis for the 4th Quarter of 2020 and for year 2020

To: Director and manager of the Stock Exchange of Thailand

Financial Performance Summary – 4th Quarter and year 2020

Beauty Community Public Co., Ltd. is pleased to announce its financial and operating results for 4th Quarter and year 2020 to compare with the operating results in the 4th Quarter of 2019 as follows:

- Total Revenue in 4th Quarter 2020 was THB 194.10 million, a decreased of 59.85% and year 2020 was THB 786.83 million, a decreased of 61.06%.
- Gross Profit in 4th Quarter 2020 was THB 102.22 million, a decreased of 64.55% and year 2020 was THB 416.02 million, a decreased of 65.71%.
- Selling expenses in 4th Quarter 2020 was THB 75.83 million, a decreased of 50.85% and year 2020 was THB 393.05 million, a decreased of 43.99%.
- Administrative expenses in 4th Quarter 2020 was THB 31.48 million, a decreased of 43.11% and year 2020 was THB 160.44 million, a decreased of 31.47%.
- Net Profit in 4th Quarter 2020 was THB 18.91 million, a decreased of 71.09% and year 2020 was THB -104.88 million, a decreased of 145.10%.

Million Baht	Q4				YoY		Q3		QoQ		Year to Date (YTD)				YoY	
	2020	%	2019	%	+/-	%	2020	%	+/-	%	2020	%	2019	%	+/-	%
Revenue from sales	190.83	98.31%	480.60	99.41%	(289.77)	(60.29%)	185.73	96.00%	5.10	2.74%	769.30	97.77%	2,007.21	99.33%	(1,237.91)	(61.67%)
Cost of sales	88.61	45.65%	192.22	39.76%	(103.61)	(53.90%)	87.51	45.23%	1.10	1.25%	353.28	44.90%	794.14	39.30%	(440.86)	(55.51%)
Gross profit (GP)	102.22	53.57%	288.38	60.00%	(186.16)	(64.55%)	98.22	52.88%	4.00	4.07%	416.02	54.08%	1,213.07	60.44%	(797.05)	(65.71%)
Other Income	3.27	1.69%	2.85	0.59%	0.42	14.91%	7.74	4.00%	(4.47)	(57.73%)	17.54	2.23%	13.56	0.67%	3.98	29.33%
Total Revenue	194.10	100.00%	483.45	100.00%	(289.35)	(59.85%)	193.48	100.00%	0.62	0.32%	786.83	100.00%	2,020.77	100.00%	(1,233.93)	(61.06%)
Selling expenses	75.83	39.07%	154.29	31.91%	(78.45)	(50.85%)	88.74	45.86%	(12.91)	(14.54%)	393.05	49.95%	701.75	34.73%	(308.71)	(43.99%)
Administrative expenses	31.48	16.22%	55.32	11.44%	(23.85)	(43.11%)	32.29	16.69%	(0.82)	(2.53%)	160.44	20.39%	234.11	11.59%	(73.66)	(31.47%)
Profit before interest & tax (EBIT)	(1.81)	(0.93%)	81.62	16.88%	(83.44)	(102.22%)	(15.06)	(7.78%)	13.25	87.96%	(119.93)	(15.24%)	290.77	14.39%	(410.70)	(141.25%)
Finance costs	2.09	1.07%	-	0.00%	2.09	100.00%	3.06	1.58%	(0.97)	(31.72%)	10.91	1.39%	-	0.00%	10.91	100.00%
Income tax	(22.81)	(11.75%)	16.21	3.35%	(39.02)	(240.70%)	4.64	2.40%	(27.45)	(592.02%)	(25.96)	(3.30%)	58.19	2.88%	(84.15)	(144.60%)
Profit for the period	18.91	9.74%	65.41	13.53%	(46.50)	(71.09%)	(22.75)	(11.76%)	41.66	183.12%	(104.88)	(13.33%)	232.58	11.51%	(337.46)	(145.10%)
Other comprehensive income	(3.46)	(1.79%)	-	0.00%	(3.46)	100.00%	-	0.00%	(3.46)	100.00%	(3.46)	(0.44%)	-	0.00%	(3.46)	100.00%
Total comprehensive income for the period (net)	22.38	11.53%	65.41	13.53%	(43.03)	(65.79%)	(22.75)	(11.76%)	45.13	198.35%	(101.42)	(12.89%)	232.58	11.51%	(333.99)	(143.61%)
EBITDA	7.36	3.79%	94.03	19.45%	(86.68)	(92.17%)	(18.97)	(9.80%)	26.33	138.80%	(71.18)	(9.05%)	343.27	16.99%	(414.44)	(120.73%)

Note: 1. % GP margin calculated to sales

Total Revenue

Total revenues for the 4th Quarter of 2020 was THB 194.10 million decreased by 59.85% from the same period last year (YoY) and increased by 0.32% compared to 3rd Quarter 2020 (QoQ). Year 2020 was THB 786.83 million decreased by 61.06% from the last year (YoY). The same store sales growth (SSSG) for year 2020 declined by -48.77%. Revenue structure came mainly from the Retail shop 51.77%. Oversea 36.47%, Consumer Product 5.67%, E-commerce 4.44%, Other revenue 1.65%

The COVID-19 crisis certainly is a major contributing factor to last year's heavy revenue loss. As never before, the world economy has ground to a complete halt especially during the first half of 2020. The Thai government's early LOCKDOWN policy saw a complete shutdown of shopping malls, which resulted in a temporary closure of our 300 retail branches, making up to 95% of total shop number. The LOCKDOWN also severely impacted Thailand tourism industry which saw a drastic drop in the tourist number particularly from China.

During the second half of 2020, although the government started to ease most of the LOCKDOWN measure, the economy was slow to recover. 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 the Thai government has done a commendable job in keeping the crisis under control, and that 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 second half of the year.

However, the company has re-aligned its Business Re-engineering strategies to improve the management and the efficiency of the entire business process to be in line with the changed consumer's behavior, which was brought upon by the Covid-19 pandemic. This includes management restructuring, closing down non-performing branches to suit the current business model and economic situation.

Gross Profit

Gross Profit for the 4th Quarter 2020 was THB 102.22 million which are decreased 64.55% from the same period last year (YoY), increased by 4.07% compared to 3rd Quarter 2020 (QoQ). Year 2020 was THB 416.02 million, decreased by 65.71% from the last year (YoY).

Gross profit margin 4th Quarter 2020 was 53.57%, decreased from the same period last year (60.00%) and increased from the 3rd Quarter 2020 (52.88%). Year 2020 was 54.08%, decreased from the same period last year (60.44%).

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 4th Quarter 2020 was THB 75.83 million, decreased by 50.85% from the same period last year (YoY), and decreased by 14.54% compared to 3rd Quarter 2020 (QoQ). Year 2020 was THB 393.05 million, decreased by 43.99% from the 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) and employees.

Administrative expenses

Administrative expenses 4th Quarter 2020 was THB 31.48 million decreased by 43.11% from the same period last year (YoY), and decreased by 2.53% compared to 3rd Quarter 2020 (QoQ). Year 2020 was THB 160.44 million, decreased by 31.47% from the 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.

Net Profit

Net profit for 4th Quarter 2020 was THB 18.91 million decreased by 71.09% from the same period last year (YoY), and increased by 183.12% compared to 3rd Quarter 2020 (QoQ). Year 2020 was THB -104.88 million, decreased by 145.10% from the last year (YoY). Net profit 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 2020, the company invested a total of Bht80.90 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, business loss from government's shopping mall lockdown policy, staff severance pay and the compensation offer for voluntary resignation, including other related situational expenses and also recognition of tax benefit from operating loss under Thai Accounting Standard no.12 (TAS12) THB 24.7 million. The net loss from operating was THB 48.8 million.

Statement of Financial Position

Total assets as at December 31, 2020 were THB 1,082.26 million decreased THB 233.66 million or 17.76% from 31 December 2019 and Cash and cash equivalents were THB 175.94 million, temporary investments were THB 250.43 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 58.64 million without doubtful debt, inventory were THB 209.02 million, property, plant and equipment were THB 165.82 million.

Total liabilities were THB 234.35 million decreased THB 5.09 million or 2.12% from 31 December 2019, liabilities mainly came from liabilities under leases THB 122.08 million (revised according to TFRS16 standards regarding leases) including current portion of leases liabilities THB 73.45 million, trade account payable THB 28.72 million, accrued expenses THB 36.88 million. Total shareholders' equity were THB 847.90 million decreased THB 228.58 million or 21.23% from December 31, 2019.

Statement of Cash Flows

For the year end of December 31, 2020, the company had net cash inflows by operating activities of THB 159.64 million, net cash inflows investment activities THB 95.48 million, used in for purchased of fixed assets of THB 5.69 million, current investments decreased THB 50.00 million, other long-term investments decreased 50.00. A dividend payment from 2019 operating results paid in April 2020 was THB 107.51 million. Then cash and cash equivalents as at the end of period of THB 175.94 million.

Financial Ratio

Financial Ratio	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
Current ratio	4.30	4.38	3.49	3.04	3.17	3.20
Finished goods days	217	168	116	89	110	137
Total inventory days	287	215	150	118	143	178
Return on equity	-10.90%	19.12%	64.78%	81.27%	53.15%	36.01%
Return on assets	-8.75%	15.04%	48.23%	60.17%	40.45%	28.96%
Debt to equity	0.28	0.22	0.31	0.37	0.33	0.30

Your faithfully,

Beauty Community Public Company Limited

(Mr. Thitiphat Wongsriphauk)

Finance and Accounting Director