

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. GENERAL INFORMATION

1.1 Company's general information

Beauty Community Public Company Limited (“the Company”), the Company was registered as a listed company in the Stock Exchange of Thailand on December 12, 2012. The registered address is located at 10/915, Soi Nuanchan 34, Nuanchan, Bungkum, Bangkok.

The principle business of the Company is to retail of cosmetics.

Names of major shareholders as at March 11, 2021, the last closing date of share transferring suspension register are as follows:

	Percentage of shareholding (based on paid-up capital)
Mrs. Tanyapon Kraibhubes	11.72
Mr. Suwin Kraiphubes	9.50
Mr. Pornpong Pornprapa	2.81
Thai NVDR Company Limited	2.79

1.2 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 (COVID-19) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries such as the supply chain system, consumer expenditures, production limitation or interruption, delayed operations, etc.

This situation may affect the Company's inability to sell products through branches at department stores over a period of time and the Company has temporarily closed a lot of branches in Bangkok and up-countries but the head office still rendered the on-line services to the customers for products shopping. The Company has already closed some branches hereafter, which have significantly affected to the current and future statements of financial position, results of operation and cash flows. These impacts cannot be reasonably estimated at this moment. The management of the Company will continue to monitor the ongoing situation and assesses the financial impact on the value of assets, provisions and contingent liabilities and will consider to record such impacts whenever they are possible.

2. PREPARATION BASIS OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, dated October 11, 2016 regarding the condensed form which should be included in the financial statements (No.3) B.E. 2562 and applicable rules regulations of the Thai Securities and Exchange Commission.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

3. NEW FINANCIAL REPORTING STANDARDS

3.1 Financial reporting standards adoption during the year

During the year, the Company has adopted a number of new and revised financial reporting standards, and interpretations which are effective for the financial statements for the period beginning on or after January 1, 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

Furthermore, the Company elected to adopt the amendments to TFRS 16 Leases relating to COVID-19 related rent concessions. These amendments provide a practical expedient that permits a lessee to not assess whether rent concessions are lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions are met, i.e., the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease preceding the change; any reduction in lease payments affects only payments and there is no substantive change to other terms and conditions of the lease.

The Company apply the practical expedient to rent concessions that meet the above conditions and the impact of this application, due to changes in lease payments resulting from rent concessions, was recognised in the statements of comprehensive income for the year ended December 31, 2021 stated in note 10.1.

3.2 Financial reporting standards that became effective for fiscal years beginning on or after January 1, 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for the financial statements for the fiscal year beginning on or after January 1, 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenues and expenses recognition

Revenues from sales

Revenues from sales, the Company considers that the most performance obligation is satisfied. Revenues from sales are recognized when the control of goods has been transferred to the customers, being at the point of goods are delivered. Revenues from sale are presented at realizable value or expected value of delivered goods after deducting by the products expected to be returned, special discount and other discount excluded value added tax.

Revenues from sale with consignment

Revenues from sale of goods to the distributor (consignee) with the condition of receipt the goods payment from the distributor when the goods have been sold to the third parties. The Company will recognize as income when the distributor transferred the control of goods to the third parties when the goods are delivered

Sales of goods - Customer Loyalty programmers

The Company operates a loyalty program which allows customers to accumulate points when they purchase products in the Company's retail stores. The points can then be redeemed for special discounted goods in the future. Certain sales consideration is allocated to the points issued, at their fair value. The fair value of the points issued is deferred and recognized as revenue when the points are redeemed and the Company fulfill their obligations to supply awards.

Other income and expenses

Other income and expenses are recognized on accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, bills of exchange which the original maturity is less than three months and without on withdrawal restrictions.

4.3 Trade and other current receivables

Trade and other current receivables are stated at net amounts of allowance for expected credit losses arising from uncollectable. The allowance is generally based on collection experiences and analysis of debtor aging.

4.4 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the average basis.

4.5 Other current financial assets

Other current financial assets are short-term with financial institution due over three months but not over 1 year and are not subject to withdrawal restrictions.

4.6 Property, plant and equipment

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and provision for impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to its cost on the straight-line basis over the following estimated useful lives: -

	Number of years
Building and improvement	30, 20, 5
Furniture	5
Office tools and equipment	5
Computer	3
Vehicles	5

Land and construction in progress were not depreciated.

The Company has to include the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs as parts of cost of property, plant and equipment, the depreciation charge has to be determined separately for each significant parts of property, plant and equipment with the cost that is significant in relation to the total cost of the assets item. In addition, the Company will review the useful lives, residual value and depreciation method at least at each financial year-end.

The Company derecognised property, plant and equipment upon disposal or when no future economic benefit are expected from the use or disposal. Gains or losses on disposal of assets are recognized in profit or loss when the assets are derecognised.

4.7 Non-financial assets

At the end of each reporting period, the Company perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal will be recognised in profit or loss immediately.

4.8 Leases

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.8.1 The Company as a lessee

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

a) *Right-of-use assets*

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis on over the period of the lease or the useful lives of each right-of-use asset whichever is shorter, as below:

Land	30 years
Space rental in department store and warehouse	3-10 years
Vehicles	2-5 years

b) *Lease liabilities*

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

c) *Short-term leases and leases of low-value assets*

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Lease in which substantially all the risk and rewards of ownership of assets remain with the lessor is accounted for as operating lease. Rentals applicable to such operating leases are charged to the statement of comprehensive income over the lease term.

Long-term leases which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term liabilities, while the interest element is charged to the statements of comprehensive income over the lease period. The asset acquired under finance leases is depreciated at the lower of the useful life of the asset or the lease term.

Leasehold rights are stated at cost less accumulated amortization. Amortization is calculated by reference to cost of leasehold right on a straight-line basis over 10 years lease term.

4.8.2. The Company as a lessor

Financial lease

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

Operating lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.9 Other intangible assets

Other intangible assets are computer software which is stated at cost less accumulated amortization and provision for impairment of assets (if any).

Amortization is determined by reference to the cost of assets on a straight-line basis over the estimated useful lives for approximate 10 years.

4.10 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax assets and liabilities

Deferred tax is provided on temporary differences between their carrying amounts of assets and liabilities at the end of each reporting period and the tax bases of the related assets and liabilities by using the tax rates enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences but recognised deferred tax assets for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax items are recognized in correlation to the underlying transaction directly to shareholders' equity.

4.11 Deferred income for reward points

The deferred income arising from reward point program granted to the Company's customers. The deferred income is calculated based on the estimates of redemption rate of the reward points earned by the customers and average reward prices and is presented in other payable in the statements of financial position.

4.12 Provident fund and employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognized as expenses when incurred.

Provident fund

The Company established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the external fund manager. The Company's employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in the statements of comprehensive income in the incurred period.

Employee benefits

The Company provide for post-employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method. The calculation was made by utilizing various assumptions about future events. The Company is responsible for the selection of appropriate assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary increment, and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis, the Company determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Company and consider the market yield based on Thai government bonds with currency and term similar to the estimated term of benefit obligation.

The Company recognized total actuarial gains (losses) incurred in other comprehensive income and employee benefit expense in profit or loss.

4.13 Financial instruments

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Company business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

These financial assets include derivatives, security investments held for trading, equity investments which the Company has not irrevocably elected to classify at FVTOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in the income statement.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Company financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

The Company may elect to measure financial liabilities at FVTPL in order to eliminate or significantly reduce a recognition inconsistency (sometimes referred to as an accounting mismatch).

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Impairment of financial assets

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.14 Derivatives and hedge accounting

The Company uses derivatives in the form of foreign currency futures contracts to hedge against exchange rate fluctuations.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes is recognised in the income statement unless the derivative is designated and effective as a hedging instrument under cash flow hedge. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedging relationship, the Company formally designates and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation, at the inception of the hedge and on an ongoing basis, includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements, including analysis of the sources of hedge ineffectiveness and how the hedge ratio is determined.

A hedging relationship qualifies for hedge accounting if it meets all of the following hedge effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the income statement.

Any adjustment to the carrying value of fair value hedges relating to items carried at amortised cost, is amortised through the income statement over the remaining term of the hedge using the effective interest method. The amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the income statement.

4.15 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of financial reporting standards, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as selling prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4.16 Transactions in foreign currencies

The Company records the transactions in foreign currencies converting into Thai Baht by using the exchange rates ruling on the transaction dates. The outstanding balances of accounts in foreign currencies as at the statements of financial position date are converted into Thai Baht by using the exchange rates ruling on the same day.

Gain or loss on exchange is taken into income or expense as incurred.

4.17 Related party transactions

Related parties comprise individuals or enterprises that control or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company' operations.

4.18 Provisions

The Company recognizes a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, it is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognized should not exceed the amount of the provision.

4.19 Share - Based Payments by equity instruments

The Company recognized share - based payments plan by issuing warrants converted into ordinary shares on exercise to the directors and employees of the Company which granted as remuneration for their services rendering by the fair value of such share options at the granted date and is expensed in accordance with the vesting period conditional as determined in the plan and recognized "Equity-Settled share - based payment" in equity.

Estimating fair value for share-based payment transactions requires management to exercise judgement, and to apply assumptions, including as to the expected life of the share options, share price volatility and dividend yield.

4.20 Earnings (Loss) per share

Earnings (Loss) per share as presented in the statements of comprehensive income is the basic earnings (loss) per share which is determined by dividing the profit for the year by the number of weighted average common shares issued and paid-up during the year.

Diluted earnings (Loss) per share is calculated by dividing profit (loss) for the year by the weighted average number of ordinary shares outstanding during the period plus the number of ordinary share issued in the conversion of potential ordinary shares to ordinary shares as assumption that the conversion is made at the beginning of year or at the issuance date of the potential ordinary shares.

4.21 Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Allowance for diminution in value of inventory

The determination of allowance for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow-moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory.

Leases

Determining the lease term with extension and termination options - The Company as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Company as a lessee

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate (IBR) to discount lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

Non-current provisions for employees benefit

The obligations under the defined benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Deferred income for reward points

The deferred income is calculated on the estimates of redemption rate of the reward points earned by the customers and average reward prices.

5. CASH AND CASH EQUIVALENTS

	<i>(Unit: Baht)</i>	
	December 31, 2021	December 31, 2020
Cash	617,599.00	1,117,807.75
Current accounts	2,789,147.09	5,151,673.36
Savings deposit	54,059,357.04	169,281,833.32
Unbilled credit card slip	511,025.30	391,525.39
Total	<u>57,977,128.43</u>	<u>175,942,839.82</u>

As at December 31, 2021, savings deposit and current account had interest rate ranking from 0.05% to 0.25% per annum (December 31, 2020, at 0.05% to 0.50% per annum).

6. TRADE AND OTHER CURRENT RECEIVABLES

	<i>(Unit: Baht)</i>	
	December 31, 2021	December 31, 2020
Trade accounts receivable		
Franchise receivable	-	22,721.48
Other party receivables	22,147,717.24	39,776,044.87
Sale with consignment agreement receivables	2,865,219.49	2,270,806.12
Total trade accounts receivable	25,012,936.73	42,069,572.47
Less Allowance for expected credit losses	(26,396.44)	(62,684.44)
Trade accounts receivable - net	<u>24,986,540.29</u>	<u>42,006,888.03</u>
Other current receivables		
Prepaid expenses	3,500,801.39	11,337,048.03
Accrued interest	641,404.21	131,677.56
Goods deposit	-	135,810.00
Advance payment	511,000.00	-
Non-refund input tax	4,621,452.92	3,474,368.30
Prepaid value added tax	877,513.69	681,605.03
Others	253,934.76	870,320.50
Total other current receivables	<u>10,406,106.97</u>	<u>16,630,829.42</u>
Total trade and other current receivables	<u><u>35,392,647.26</u></u>	<u><u>58,637,717.45</u></u>

The Company has outstanding trade accounts receivable classified by aging as follows:

	<i>(Unit: Baht)</i>	
	December 31, 2021	December 31, 2020
Trade accounts receivable due in term	21,307,950.16	40,997,242.03
Overdue trade accounts receivable		
- Less than 3 months	2,740,322.35	1,055,777.58
- Over 3 months but less than 1 year	940,753.70	416.00
- Over 1 year but less than 2 year	23,910.52	16,136.86
Total trade accounts receivable	<u>25,012,936.73</u>	<u>42,069,572.47</u>

7. INVENTORIES

	<i>(Unit: Baht)</i>	
	December 31, 2021	December 31, 2020
Finished goods	99,587,770.40	152,650,589.97
Packaging	80,680,032.48	79,453,236.89
Work in process	5,608,049.20	4,206,244.81
Supplies	3,057,163.96	3,982,624.58
	<u>188,933,016.04</u>	<u>240,292,696.25</u>
Total	188,933,016.04	240,292,696.25
Less Allowance for devaluation of inventories	(50,686,683.73)	(31,276,639.01)
	<u>138,246,332.31</u>	<u>209,016,057.24</u>
Net	138,246,332.31	209,016,057.24

8. OTHER CURRENT FINANCIAL ASSETS

	<i>(Unit: Baht)</i>			
	<u>At interest rate per annum</u>			
	December 31,	December 31,	December 31,	December 31,
	2021	2020	2021	2020
Fixed deposits	0.58 - 0.75	0.82 - 0.90	370,000,000.00	250,000,000.00
Forward contracts			116,664.26	432,214.58
			<u>370,116,664.26</u>	<u>250,432,214.58</u>
Total			<u>370,116,664.26</u>	<u>250,432,214.58</u>

In 2021, the Company has fixed deposits with three financial institutions for 12 months maturity (2020, two institutions for 12 months).

Forward contracts, derivatives assets held for trading are not defined in hedge accounting relationship, present at fair value through profit or loss.

9. Property, plant and equipment

(Unit: Baht)

	Land	Building and improvement	Furniture	Office tools and equipment	Computer	Vehicles	Total
Cost:							
As at January 1, 2020	19,240,000.00	140,034,891.44	200,632,044.01	102,191,455.11	36,198,404.69	17,460,273.09	515,757,068.34
Acquisition	-	868,062.06	1,593,069.51	599,993.57	118,223.55	-	3,179,348.69
Disposal	-	-	(1,900.00)	(1,573,159.84)	(1,457,129.88)	-	(3,032,189.72)
Dismantled assets transferred to right-of-use assets	-	(5,103,350.00)	(924,577.00)	-	-	-	(6,027,927.00)
Write off/adjustment	-	(659,951.70)	(129,820,497.27)	(11,143,213.59)	(1,003,976.65)	-	(142,627,639.21)
As at December 31, 2020	19,240,000.00	135,139,651.80	71,478,139.25	90,075,075.25	33,855,521.71	17,460,273.09	367,248,661.10
Acquisition	-	-	1,571,937.59	2,265,088.69	42,869.16	-	3,879,895.44
Disposal	-	(576,530.57)	(13,504.68)	(4,459,982.37)	(6,334,476.26)	-	(11,384,493.88)
Write off/adjustment	-	(601,052.24)	(33,416,292.59)	(5,280,320.93)	(4,312,585.53)	(9,600.00)	(43,619,851.29)
As at December 31, 2021	19,240,000.00	133,962,068.99	39,620,279.57	82,599,860.64	23,251,329.08	17,450,673.09	316,124,211.37
Accumulated depreciation:							
As at January 1, 2020	-	(36,221,622.48)	(159,851,643.74)	(49,444,243.73)	(30,363,196.54)	(9,359,807.22)	(285,240,513.71)
Depreciation for the year	-	(6,067,774.01)	(13,054,179.01)	(12,659,610.96)	(4,046,713.80)	(1,125,068.89)	(36,953,346.67)
Depreciation for disposal	-	-	846.62	1,507,612.84	1,450,238.94	-	2,958,698.40
Dismantled assets transferred to right-of-use assets	-	644,931.27	154,004.73	-	-	-	798,936.00
Write off/adjustment	-	304,725.64	110,759,896.30	6,938,732.12	993,899.77	-	118,997,253.83
As at December 31, 2020	-	(41,339,739.58)	(61,991,075.10)	(53,657,509.73)	(31,965,771.63)	(10,484,876.11)	(199,438,972.15)
Depreciation for the year	-	(5,742,127.90)	(3,235,218.13)	(9,328,353.88)	(1,605,434.94)	(1,050,287.40)	(20,961,422.25)
Depreciation for disposal	-	439,553.90	11,355.23	3,699,521.71	6,327,979.22	-	10,478,410.06
Write off/adjustment	-	90,517.25	30,537,202.06	4,240,008.05	4,309,498.44	8,137.77	39,185,363.57
As at December 31, 2021	-	(46,551,796.33)	(34,677,735.94)	(55,046,333.85)	(22,933,728.91)	(11,527,025.74)	(170,736,620.77)
Allowance for Impairment Losses:							
As at December 31, 2020	-	-	(1,537,646.79)	(450,734.52)	-	-	(1,988,381.31)
(Increase) Decrease	-	-	1,537,646.79	450,734.52	-	-	1,988,381.31
As at December 31, 2021	-	-	-	-	-	-	-
Net book value:							
As at December 31, 2021	19,240,000.00	87,410,272.66	4,942,543.63	27,553,526.79	317,600.17	5,923,647.35	145,387,590.60
As at December 31, 2020	19,240,000.00	93,799,912.22	7,949,417.36	35,966,831.00	1,889,750.08	6,975,396.98	165,821,307.64

As at December 31, 2021 and 2020, part of buildings at net book value amount of Baht 78.60 million and Baht 81.85 million respectively are constructed on land leased from director as stated in note 16.2

Depreciation for the year ended December 31, 2021 and 2020 amounted to Baht 20.96 million and Baht 36.95 million respectively.

As at December 31, 2021 and 2020, the Company has fixed assets at cost amount of Baht 79.95 million and Baht 88.25 million respectively which have been fully depreciated but are still in use.

10. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

The Company entered into lease of land, space in department store and warehouse, and vehicles for using in its operation. The lease period is averaged from 3 - 30 years.

Movements of right-off-use assets incurred during the year ended December 31, 2021, consist of:

10.1 RIGHT-OF-USE ASSETS

	As at January 1, 2020	Received transfer of dismantled assets from property, plant and equipment	Increase	Decrease	Revised	As at December 31, 2020
<i>(Unit: Baht)</i>						
Cost						
Land	13,267,086.83	-	-	-	-	13,267,086.83
Space rental in department store and warehouse	430,165,035.93	6,027,927.00	15,516,139.28	(164,106,941.19)	-	287,602,161.02
Vehicles	6,637,208.85	-	-	(1,283,761.93)	-	5,353,446.92
Total	450,069,331.61	6,027,927.00	15,516,139.28	(165,390,703.12)	-	306,222,694.77
Accumulated depreciation						
Land	(2,653,417.36)	-	(442,236.23)	-	-	(3,095,653.59)
Space rental in department store and warehouse	(238,122,454.44)	(798,936.00)	(77,452,746.67)	116,712,245.88	-	(199,661,891.23)
Vehicles	(2,663,233.18)	-	(2,332,285.79)	1,283,761.93	338,168.20	(3,373,588.84)
Total	(243,439,104.98)	(798,936.00)	(80,227,268.69)	117,996,007.81	338,168.20	(206,131,133.66)
Net book value	206,630,226.63	5,228,991.00	(64,711,129.41)	(47,394,695.31)	338,168.20	100,091,561.11
Depreciation for the year ended December 31, 2020						80,227,268.69

				<i>(Unit: Baht)</i>
	As at			As at
	January			December
	1, 2021	Increase	Decrease	31, 2021
Cost				
Land	13,267,086.83	-	-	13,267,086.83
Space rental in department				
store and warehouse	287,602,161.02	98,320,855.49	(140,078,531.40)	245,844,485.11
Vehicles	5,353,446.92	185,165.39	(659,651.71)	4,878,960.60
Total	<u>306,222,694.77</u>	<u>98,506,020.88</u>	<u>(140,738,183.11)</u>	<u>263,990,532.54</u>
Accumulated depreciation				
Land	(3,095,653.59)	(442,236.24)	-	(3,537,889.83)
Space rental in department				
store and warehouse	(199,661,891.23)	(53,591,203.64)	101,586,298.24	(151,666,796.63)
Vehicles	(3,373,588.84)	(1,141,862.34)	659,651.71	(3,855,799.47)
Total	<u>(206,131,133.66)</u>	<u>(55,175,302.22)</u>	<u>102,245,949.95</u>	<u>(159,060,485.93)</u>
Net book value	<u>100,091,561.11</u>	<u>43,330,718.66</u>	<u>(38,492,233.16)</u>	<u>104,930,046.61</u>
Depreciation for the year ended December 31, 2021				52,609,316.27

In 2021, the Company received a leased store space rental discount from the lessor as depreciation in the amount of Baht 2.57 million and interest amounted to Baht 0.18 million, totaling Baht 2.74 million caused by the COVID-19 pandemic. Accordingly, the Company has reversed the depreciation from the right to use and interest on lease liabilities that are still realized in each month as a proportion of the reduced rental and recorded differences incurred in profit or loss.

10.2 Lease liabilities

10.2.1 Lease liabilities as follows:

	<i>(Unit: Baht)</i>	
	December 31, 2021	December 31, 2020
Lease liabilities	138,726,697.46	145,832,987.71
Less: Deferred interest income	<u>(23,310,303.40)</u>	<u>(23,757,223.32)</u>
Total	115,416,394.06	122,075,764.39
Less: Current portion of long-term lease	<u>(45,472,493.31)</u>	<u>(73,451,452.26)</u>
Lease liabilities - net	<u><u>69,943,900.75</u></u>	<u><u>48,624,312.13</u></u>

10.2.2 The increase and decrease of lease liabilities for the year ended December 31, 2021 are as follow:

	<i>(Unit: Baht)</i>
Present value of minimum payment for lease as at January 1, 2021	122,075,764.39
Add: Increase during the year	98,506,020.88
Less: Repayment during the year	(64,596,745.25)
Less: Decrease from contract cancellation	<u>(40,568,645.96)</u>
Present value of minimum payment for lease as at December 31, 2021	115,416,394.06
Less: Current portion of long-term lease	<u>(45,472,493.31)</u>
Lease liabilities - net	<u><u>69,943,900.75</u></u>

The Company entered into the lease of land for a period of 30 years, space of department store and warehouse for a period of 3 and 10 years and vehicles for a period of 5 years.

10.2.3 The Company has obligation to make minimum lease payment as at December 31, 2021 as follows:

(Unit: Baht)

	Less than 1 year	1 - 5 years	Over 5 years	Total
Total minimum lease payment				
to be paid	50,876,536.78	62,436,238.48	25,413,922.20	138,726,697.46
Deferred lease interest	<u>(5,404,043.47)</u>	<u>(6,809,477.84)</u>	<u>(11,096,782.06)</u>	<u>(23,310,303.37)</u>
Present value of the minimum lease				
Payment to be paid	<u>45,472,493.31</u>	<u>55,626,760.64</u>	<u>14,317,140.14</u>	<u>115,416,394.09</u>

Deferred interest recognised in statements of comprehensive income as finance costs amount of Baht 6.66 million

Expenses related to lease for the year December 31, 2021 and 2020 recognised in the following items in part of profit or loss.

(Unit: Baht)

	December31, 2021	December31, 2020
Depreciation of right-of-use assets	52,609,316.27	80,227,268.69
Interest expense on leases liabilities	6,661,445.84	10,907,235.38
Expenses relating to short-term leases and leases low-values assets	<u>531,431.19</u>	<u>33,823,374.80</u>
Total	<u>59,802,193.30</u>	<u>124,957,878.87</u>

11. OTHER INTANGIBLE ASSETS

	<i>(Unit: Baht)</i>	
	December 31, 2021	December 31, 2020
Computer software		
Cost:		
Beginning balance as at January 1	35,494,133.10	35,494,133.10
Acquisition	-	-
Transfer in (out)	4,940,000.00	-
Balance at the end of the year	<u>40,434,133.10</u>	<u>35,494,133.10</u>
Accumulated amortization:		
Beginning balance as at January 1	14,812,393.23	11,414,548.76
Amortization	3,578,907.72	3,397,844.47
Balance at the end of the year	<u>18,391,300.95</u>	<u>14,812,393.23</u>
Net book value	<u>22,042,832.15</u>	<u>20,681,739.87</u>
Software under installation		
Beginning balance as at January 1	6,986,130.00	6,986,130.00
Acquisition	4,100,000.00	-
Transfer in (out)	(4,940,000.00)	-
Balance at the end of the year	<u>6,146,130.00</u>	<u>6,986,130.00</u>
Less Allowance for devaluation of assets	<u>(4,925,130.00)</u>	<u>(4,925,130.00)</u>
Net	<u>1,221,000.00</u>	<u>2,061,000.00</u>
Total	<u>23,263,832.15</u>	<u>22,742,739.87</u>

Amortization of other intangible assets for the year ended December 31, 2021 and 2020 amounted to Baht 3.58 million and Baht 3.40 million respectively.

12. DEFERRED TAX / TAX EXPENSE

	<i>(Unit: Baht)</i>	
	December 31, 2021	December 31, 2020
Deferred tax assets	62,283,031.50	43,633,326.52
Deferred tax liabilities	-	-
Net	<u>62,283,031.50</u>	<u>43,633,326.52</u>

Movements of deferred tax assets and liabilities incurred during the year as follows:

(Unit:Baht)

	As at January 1, 2020	Credit (charged) to		As at December 31, 2020
		Profit or loss	Other Comprehensive income	
Deferred tax assets				
Allowance for devaluation of goods	3,770,029.57	2,485,298.23	-	6,255,327.80
Provision for impairment of assets	985,026.00	397,676.26	-	1,382,702.26
Employee benefit obligations	4,608,283.20	(460,577.24)	(866,230.76)	3,281,475.20
Deferred income for reward points	2,976,976.74	(896,638.35)	-	2,080,338.39
Dismantling provisions	202,852.63	16,830.47	-	219,683.10
Provision for impairment of deposit	-	1,283,143.04	-	1,283,143.04
Deficit carried forward	-	24,733,816.07	-	24,733,816.07
Lease	5,999,399.26	(1,602,558.60)	-	4,396,840.66
Total	18,542,567.40	25,956,989.88	(866,230.76)	43,633,326.52

(Unit:Baht)

	As at January 1, 2021	Credit (charged) to		As at December 31, 2021
		Profit or loss	Other Comprehensive income	
Deferred tax assets				
Allowance for devaluation of goods	6,255,327.80	3,882,008.95	-	10,137,336.75
Provision for impairment of assets	1,382,702.26	(397,676.26)	-	985,026.00
Employee benefit obligations	3,281,475.20	(294,086.41)	(1,618,479.59)	1,368,909.20
Deferred income for reward points	2,080,338.39	(1,126,070.95)	-	954,267.44
Dismantling provisions	219,683.10	54,360.65	-	274,043.75
Provision for impairment of deposit	1,283,143.04	(728,218.32)	-	554,924.72
Deficit carried forward	24,733,816.07	21,177,438.08	-	45,911,254.15
Lease	4,396,840.66	(2,299,571.17)	-	2,097,269.49
Total	43,633,326.52	20,268,184.57	(1,618,479.59)	62,283,031.50

Tax (income) expenses for the year ended December 31, 2021 and 2020 can be summarized as follows:

	<i>(Unit: Baht)</i>	
	2021	2020
<i>Current tax:</i>		
Income tax for the year	-	-
<i>Deferred tax:</i>		
Deferred tax (income) derived from temporary differences and reversal of temporary differences presented in statement of comprehensive income	<u>(20,268,184.57)</u>	<u>(25,956,989.88)</u>
Tax (income) expense in statements of comprehensive income	<u>(20,268,184.57)</u>	<u>(25,956,989.88)</u>
Tax (income) expense related to actuarial gains directly recorded to other comprehensive income	<u>1,618,479.59</u>	<u>866,230.76</u>

Reconciliation amount between tax expense and multiplication of accounting profits and tax rates used for the year ended December 31, 2021 and 2020 can be presented as follows:

	<i>(Unit: Baht)</i>	
	2021	2020
Accounting profit(loss) before income tax	(101,036,260.58)	(130,838,847.26)
Income tax rates	20%	20%
Accounting profit before income tax multiply by tax rates	-	-
<i>Taxable effects for:</i>		
Accounting base differ from tax base		
different from expenses	<u>(20,268,184.57)</u>	<u>(25,956,989.88)</u>
Total	<u>(20,268,184.57)</u>	<u>(25,956,989.88)</u>
Tax (income) expense presented in statements of comprehensive income	<u>(20,268,184.57)</u>	<u>(25,956,989.88)</u>
Effective income tax rate	-	-

Deferred tax assets are recognised for unutilised tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Company has unutilised tax loss carried forward of Baht 123.67 million will be expired in 2025, and Baht 105.89 million will be expired after 2026 onward, according applicable tax regulations in relevant country.

13. OTHER NON-CURRENT ASSETS

	<i>(Unit: Baht)</i>	
	December 31, 2021	December 31, 2020
Rental and services deposit	37,619,003.27	59,986,968.26
Others	1,660,981.45	2,366,308.76
Total	<u>39,279,984.72</u>	<u>62,353,277.02</u>
Less Allowance for impairment of deposit	<u>(2,774,623.62)</u>	<u>(6,415,715.21)</u>
Net	<u><u>36,505,361.10</u></u>	<u><u>55,937,561.81</u></u>

14. TRADE AND OTHER CURRENT PAYABLES

	<i>(Unit: Baht)</i>	
	December 31, 2021	December 31, 2020
Trade accounts payable	38,902,237.58	28,721,067.15
Other current payables		
Accrued expenses	24,473,351.89	36,880,612.32
Revenue Department payable	1,263,780.38	2,386,231.96
Assets payables	423,813.63	6,200,452.26
Amount received advance for goods	1,065,083.43	2,372,571.82
Deferred income for reward points	4,771,337.21	10,401,691.96
Accrued dividend	778,375.76	792,350.51
Others	469,222.76	256,633.48
Total other current payables	<u>33,244,965.06</u>	<u>59,290,544.31</u>
Total trade and other current payables	<u><u>72,147,202.64</u></u>	<u><u>88,011,611.46</u></u>

As at December 31, 2021, the Company has amounts received in advance for goods of Baht 1.07 million, and has performance obligation to distribute goods to customers amount of Baht 1.07 million.

15. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

Non-current provisions for employee benefit are compensation paid to employees when they retired for the year ended December 31, 2021 and 2020, are as follows:

	<i>(Unit: Baht)</i>	
	2021	2019
Non-current provisions employee benefit obligations		
as at January 1	16,407,376.00	23,041,416.00
Current costs of services and interest	3,739,490.00	4,225,887.00
Actuarial profit recognized in statement of other comprehensive income during the year	(8,092,397.93)	(4,331,153.80)
Benefit paid during the year	<u>(5,209,922.07)</u>	<u>(6,528,773.20)</u>
Non-current provisions employee benefit obligations as at December 31	<u>6,844,546.00</u>	<u>16,407,376.00</u>

Long-term employee benefit expenses for the year ended December 31, 2021 and 2020 recognized in comprehensive income are summarized below:

	<i>(Unit: Baht)</i>	
	2021	2020
Distribution costs	584,254.44	831,367.00
Administrative expenses	<u>3,155,235.56</u>	<u>3,394,520.00</u>
Total	<u>3,739,490.00</u>	<u>4,225,887.00</u>

Actuarial (gains) and losses recognized in other comprehensive income arising from:

	<i>(Unit: Baht)</i>	
	2021	
Financial assumptions		(1,066,639.00)
Experience adjustment		<u>(7,025,758.93)</u>
Total		<u>(8,092,397.93)</u>

Significant actuarial assumptions are summarized below:

	2021	2020
Discount rate	% per annum	% per annum
For monthly and daily staff	1.94	1.36
Salary increase rate		
For monthly and daily staff	3.80	5.21
Turnover rate		
For monthly and daily staff	0 - 60	0 - 60
Mortality rate		
For monthly staff and daily staff	According to Thailand TMO 2017 table	According to Thailand TMO 2017 table

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2021 are summarized below:

	<i>(Unit: Baht)</i>	
	Increase	Decrease
Discount rate (0.5% movement)	(355,252.00)	382,408.00
Future salary increase rate (0.5% movement)	317,461.00	(296,457.00)
Turnover rate (1% movement)	(725,706.00)	845,289.00

16. TRANSACTION WITH RELATED PERSONS AND PARTIES

The Company had transaction with related persons and parties. These transactions are related in the normal course of business and on the basis of the Company and related persons or parties concerned.

Relationship of the Company and related persons and parties can be summarized as follows:

<u>Related parties and persons name</u>	<u>Relationship</u>	<u>Related transactions</u>	<u>Pricing policy</u>
<i>Persons consist of: -</i>			
Mrs. Tanyapon Kraibhubes	Shareholder and director	The Company rent land and land with its construction (state as right of use assets and lease liabilities)	As indicated in agreement

16.1 Transactions between the Company with related persons and parties can be summarized as follow:

(Unit: Baht)

	For the year ended 31 December	
	2021	2020
Interest expenses		
Mrs. Tanyapon Kraibhubes	1,014,228.78	832,660.78
Amortisation – right-of-use assets		
Mrs. Tanyapon Kraibhubes	442,236.24	540,407.92

16.2 The balance with its related persons and parties as December 31, 2021 and 2020 are as follow:

	<i>(Unit: Baht)</i>	
	2021	2020
Right-of-use assets		
Mrs. Tanyapon Kraibhubes	9,729,197.00	10,171,433.23
Lease liabilities		
Mrs. Tanyapon Kraibhubes	16,260,040.00	15,765,457.72

Land lease agreement

The Company has a lease agreement dated July 23, 2014 with the relevant persons for a period of the lease is 30 years in the amount of Baht 38.28 million (both counterparties agreed to collect rental from the date of completion of construction of buildings and other structures, or from January 1, 2016, whichever is earlier until the lease is matured). The lease contract starts on January 1, 2014. However, the Company starts to record the rental from January 1, 2014 onwards, and the lease of the land that the building will not be transferred to the tenant, with the tenant have to demolish the building upon termination of the lease.

As at December 31, 2021, the Company has to pay the remaining rental under lease as follows:

	<i>(Unit: Baht)</i>
Amount to be paid	
Within 1 year	2,221,758.00
Over 1 year but less than 5 years	4,476,789.00
Over 5 years (to year 30 th)	<u>25,413,922.20</u>
Total	<u><u>32,112,469.20</u></u>

17. PAID-UP SHARE CAPITAL / SHARE PREMIUM ON ORDINARY SHARES

Reconciliation

	Issued and paid-up share capital		Share premium on
	Number of share	Paid-up share	ordinary shares
	<i>(Share)</i>	<i>(Baht)</i>	<i>(Baht)</i>
As at January 1, 2021	3,006,868,535	300,686,853.50	592,711,215.04
Transfer capital from share based payments to share premium on ordinary shares	-	-	16,302,071.90
As at December 31, 2021	<u>3,006,868,535</u>	<u>300,686,853.50</u>	<u>609,013,286.94</u>

During the year, there is no exercise of warrants to purchase ordinary shares (ESOP Warrant-1)

On July 17, 2021, (ESOP Warrant-1), the exercise is matured as stated in note 19.

18. LEGAL RESERVE

By virtue of the Public Companies Act B.E. 2535, the Company is required to set aside a legal reserve at least 5% of annual net profit after deduction with deficit brought forwards (if any) until the reserve reach an amount of 10% of the authorized share capital. Such legal reserve is not available for dividend distribution

19. WARRANTS TO PURCHASE ORDINARY SHARES

As at December 31, 2021, the remaining of ESOP Warrant-1 which matured on July 17, 2021.

Reconciliation of warrants is as follows:

	Warrants <i>(Unit)</i>
As at January 1, 2021	15,741,465
Decrease from maturity	<u>(15,741,465)</u>
As at December 31, 2021	<u>-</u>

ESOP Warrant-1

On April 25, 2016, the Annual General Meeting of shareholders for the year 2016 of the Company, passed a resolution to approve the issuance and offering 22,610,000 units of warrants to purchase ordinary shares the Company to the directors and management/ employees of the Company.

Details are as follows:

- Type : Specific name of the holders
- Offering price per unit : Baht 0
- Term of warrants : not over 5 years from the date of issuance and offering of warrants
- Exercise ratio : 1 unit of warrant for 1 ordinary share
- Exercise price : Baht 5.00 per share

Qualification of persons who are entitled to warrants allocation as follows:

- : The directors and a member of the Executive Committee who directly manages the Company's activities on the allocation date of warrants
- : Employee who work for the Company not less than 1 year on the allocation date of warrants

Conditions and period of exercise :

- 1) Exercise date is on the 16th of January and July of each year. The first exercise date shall be on January 16, 2017 and the last exercise date shall be the expiration date of warrants, which is 5 years from the issue and offering date.
- 2) Warrant holders can exercise right to purchase new ordinary share in each year are detailed as follows:

Years	Exercise right not over than proportion of warrants (%)	Exercise date
1	15%	January 16, 2017 and July 17, 2017
2	35%	January 16, 2018 and July 17, 2018
3	55%	January 16, 2019 and July 17, 2019
4	75%	January 16, 2020 and July 17, 2020
5	100%	January 16, 2021 and July 17, 2021

- 3) For any unexercised warrants left in each exercise period, the remaining units can be accumulated and exercised during the following exercise period, until maturity of the warrants that any unexercised warrants shall be cancelled and terminated.

Restrictions on the right of warrants

If the warrant holders resign or are otherwise no longer directors or employees of the Company, the warrant holders have to return the holding warrants to the Company, and the Board of Directors of the Company can re-allot the warrants to other directors and/or employees whose a qualification met with the criteria.

The estimated fair value of each share option granted is Baht 1.54. This was calculated using the Black-Scholes-Merton Model. The model inputs were the share price at price determination date of Baht 5.40, exercise price of Baht 5.00, expected volatility of 33.94% , expected dividend yield of 2.11%, life of share options of 5 years, and a risk-free interest rate of 1.80%.

20. TREASURY STOCK

According to the minutes of Board of directors No. 4/2018 held on July 9, 2018, passed the resolution to approved the share repurchase plan for financial management purposes and the company's excess liquidity management as detailed following:

- a) The maximum amount for the share repurchasing is not exceeding Baht 950 million.
- b) The maximum number of share repurchasing not exceed 64 million shares at par value of Baht 0.10 each or equity to 2.13% of total paid-up share capital as at March 14, 2018.
- c) The Company shall repurchase such shares on the Stock Exchange of Thailand by determining the repurchase price taking into average market price during the last 30 days prior to the date on which the Company discloses the information of shares repurchase. The repurchase price will not exceed the average closing price of 5 working days, prior to each repurchasing date plus 15% of such average closing price.
- d) The repurchase period will be started from July 24, 2018 to January 23, 2019.
- e) Period for the resale of share after 6 months from the completion date of the share repurchase and not later than 3 years from this time. The Company shall repurchase such share on the Stock Exchange of Thailand. The Company's Board of directors will determine the period for the offering of the repurchased shares and then inform the investors accordingly.
- f) The repurchase shares are not eligible to receive dividend.

As at December 31, 2021	<u>Treasury stock</u>
Number of shares (shares)	12,675,000
Average price per share (Baht)	7.865
Amount (Million Baht)	99.69

g) Changes of treasury shares in the year as follows:

	Treasury stock (Unit)
As at December 31, 2020	12,675,000
Increase (Decrease)	-
As at December 31, 2021	12,675,000

On January 23, 2019, is the last date for determining of treasury shares, as a result, the number of repurchased shares and for offering will be equal to the above presented number.

The Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to approximately Baht 99.69 million.

21. DIVIDEND

2020

On August 27, 2020, at the Annual General Meeting of the shareholders for the year 2020, passed the resolution to acknowledge the dividend payment from the 2019 results of operations to the shareholders for 2,994 million shares at Baht 0.071 each, amounting to Baht 213 million. The Company has already paid interim dividend in 2019 at Baht 0.035 per share amounting to Baht 105 million. The remaining dividend to be paid of Baht 0.036 per share amounting to 108 million. The Company has already paid such dividend on April 29, 2020 and on August 27, 2020.

22. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES

22.1 Directors' remuneration

Directors' remuneration is benefit paid to the Company's directors in accordance with the Section 90 of the Public Company Limited Act, excluded salaries and related benefits to be paid to executive directors.

22.2 Management benefit expenses

Management benefit expenses focus salaries, remunerations and other benefits paid to their directors and management, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels and includes the accounting and financial executive officer, the manager level above or persons in position comparable.

23. PROVIDENT FUND

The Company and employees have jointed to be a member of provident fund name "THE SIN SATA PORN REGISTERED PROVIDENT FUND" in accordance with the Provident Fund Act B.E. 2530. The Company and employees have to contribute to the fund at the same rate 3-5% of employees' salaries. The provident fund is managed by BBL Asset Management Co., Ltd. The employees will entitle the accumulation and benefit when they retired according to the provident fund regulation.

In 2021, the Company paid contributions to the fund with the approval of the employees who is the member of the fund.

24. EXPENSES ANALYZED BY NATURE

The significant expenses analyzed by nature for the year ended December 31, 2021 and 2020 are as follows:

	<i>(Unit: Baht)</i>	
	2021	2020
Changes in finished goods and work in progress	51,661,015.18	133,378,495.84
Purchase of goods	157,101,595.96	217,956,697.34
Employee benefit expenses	110,084,440.43	196,107,357.92
Management benefit expenses	28,173,295.17	26,044,986.16
Directors' remuneration	806,828.00	1,145,684.00
Depreciation and amortization	24,540,329.97	40,351,191.14
Rental and services	10,137,460.28	34,512,857.80
Advertising and sale promotion expenses	47,772,374.70	55,340,525.95
Loss on devaluation of inventories	19,410,044.72	12,426,491.18
Loss on goods destruction	26,017,353.06	4,607,301.68
Depreciation right-of-use assets	52,609,316.27	80,227,268.69

25. EARNINGS PER SHARE

Basic (loss) earnings per share and diluted earnings (loss) per share for the year ended December 31, 2021 and 2020 are as follows:

	<i>(Unit: Baht)</i>					
	For the year					
	December 31, 2021			December 31, 2020		
	Weighted average number of ordinary shares		Earnings (loss) per share	Weighted average number of ordinary shares		Earnings (loss) per share
Profit (Loss)	shares	per share	Profit (Loss)	shares	per share	
Basic earnings per share	(80,768,076.01)	2,994,193,535	(0.03)	(104,881,857.38)	2,994,193,535	(0.04)
Effects of dilutive potential ordinary shares	-	-	-	-	-	-
Diluted earnings per share	(80,768,076.01)	2,994,193,535	(0.03)	(104,881,857.38)	2,994,193,535	(0.04)

Diluted earnings (loss) per share for the year 2021 and 2020 were not calculated since the average market price is lower than the exercise price.

26. FINANCIAL INFORMATION BY SEGMENT

The core operating segment information is to distribute cosmetic by retail and non-retail channel. This operating segment information is reported corresponding with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance. The chief operating decision makes of the Company has been identified as the President of executive management.

Revenues from sales involved in geographical both in domestic and overseas are as follows:

(Unit: Baht)

	2021	2020
Domestic sales	300,739,789.09	633,085,430.70
Oversea sales	86,892,187.94	136,211,618.78
Total	<u>387,631,977.03</u>	<u>769,297,049.48</u>

Major customer's information

In 2021, the Company has revenues from a customer in the amount of Baht 47.13 million which the value exceed than 10% of revenues of the Company (2020, the Company has revenues from a customer in the amount of Baht 103.83 million which the value exceed than 10% of revenues)

27. COMMITMENT AND CONTINGENT LIABILITIES

- 27.1 As at December 31, 2021, the Company has obligations under lease of space and services agreements of the Company's remain amount of Baht 13.23 million.
- 27.2 The Company is liable on payment under capital expenditures agreement as at December 31, 2021, amount of Baht 3.27 million.

28. FINANCIAL INSTRUMENTS

28.1 Financial risk management policies

Significant financial instruments comprise cash and cash equivalents, trade and other current receivables, other current financial assets, other non-current assets, trade and other current payables, lease liabilities and other non-current liabilities. The Company is exposed the risks associated with such financial instruments and has the risk management policies as follows:

Market risk

Credit Risk

The Company manages the risk by adopting appropriate credit control policies and therefore does not expect to incur material financial losses from commercial credit. The outstanding trade receivables are regularly monitored

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision for expected credit losses rates are used on days past due for groupings of various customer segments with similar credit risks, the groupings are considered from their nature of business. The calculation of expected credit losses reflects the reasonable and supportable, information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Exchange rate risk

The Company exposed to foreign currencies exchange rate risk in the minimum level since the business transactions denominated in Thai Baht currency.

The Company has forward contract lines from two financial institutions for the amount of Baht 50 million and USD 3 million.

The Company has derivatives by entering into forward contract as at December 31, 2021 as follows:

Currency	Selling amount	Exchange rate	Due date
	(Million Baht)	(Baht: Unit of Foreign Currency)	
USD	0.87	33.16 - 33.84	31 January 2022 – 24 March 2022

The Company has derivatives by entering into forward contract as at December 31, 2020 as follows:

Currency	Selling amount	Exchange rate	Due date
	(Million Baht)	(Baht: Unit of Foreign Currency)	
USD	1.03	30.00 - 31.13	15 January 2021 – 29 March 2021

As at December 31, 2021 the Company has assets and liabilities denominated in foreign currencies in the financial statements are as follows:

	(Million)	Currency	Exchange rate (Baht: Unit of Foreign Currency)
Trade and other current receivables	0.37	USD	33.20-33.23

As at December 31, 2020 the Company has assets and liabilities denominated in foreign currencies in the financial statements are as follows:

	(Million)	Currency	Exchange rate (Baht: Unit of Foreign Currency)
Trade and other current receivables	1.00	USD	29.87

Interest Rate Risk

Interest rate risk derives from changes in market interest rate resulting to the Company's operation and cash flows. The Company has interest rate risk from deposit at bank and lease liabilities bear floating interest rates and fixed interest rates which are close to market rate.

As at December 2021 and 2020, significant financial assets and financial liabilities can be classified by type of interest rate with those financial assets and financial liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date (if this occurs before the maturity date).

(Unit: Million Baht)

	December 31, 2021					Effective interest rate (% p.a.)
	Fixed interest rate		Floating Interest rate	Non-interest rate	Total	
	Within					
	1 year	1 - 5 year				
<u>Financial assets</u>						
Cash and cash equivalents	-	-	54.57	3.41	57.98	0.05 - 0.25
Trade and other current receivables	-	-	-	26.26	26.26	-
Other current financial assets	370.12	-	-	-	370.12	0.58 - 0.75
Other non-current assets	-	-	-	36.51	36.51	-
	<u>370.12</u>	<u>-</u>	<u>54.57</u>	<u>66.18</u>	<u>490.87</u>	
<u>Financial liabilities</u>						
Trade and other current payables	-	-	-	66.13	66.13	-
Lease liabilities	115.42	-	-	-	115.42	5.85
Other non-current liabilities	-	-	-	0.54	0.54	-
	<u>115.42</u>	<u>-</u>	<u>-</u>	<u>66.67</u>	<u>182.09</u>	

(Unit: Million Baht)

	December 31, 2020					Effective interest rate (% p.a.)
	<u>Fixed interest rate</u>		Floating Interest rate	Non-interest rate	Total	
	Within					
	1 year	1 - 5 year				
<u>Financial assets</u>						
Cash and cash equivalents	-	-	169.67	6.27	175.94	0.05 - 0.50
Trade and other current receivables	-	-	-	42.73	42.73	-
Other current financial assets	250.43	-	-	-	250.43	0.82 - 0.90
Other non-current assets	-	-	-	55.94	55.94	-
	<u>250.43</u>	<u>-</u>	<u>169.67</u>	<u>104.94</u>	<u>525.04</u>	
<u>Financial liabilities</u>						
Trade and other current payables	-	-	-	75.06	75.06	-
Lease liabilities	122.08	-	-	-	122.08	6.75
Other non-current liabilities	-	-	-	2.04	2.04	-
	<u>122.08</u>	<u>-</u>	<u>-</u>	<u>77.10</u>	<u>199.18</u>	

From analysis the effects of changes in interest rates, the Company has no significant impacts since the Company had no liabilities bearing market interest rates

Liquidity risk

The Company needs liquidity to be able to meet its commercial obligations where the Company is responsible for maintaining adequate reserves of and credit limits raising both in the Company and other financial institutions to meet the required liquidity under the Company's framework.

The Company has assessed the lack of liquidity risk by continuously planning liquidity risk management and maintaining adequate reserves of cash, deposits at bank, undrawn credit facilities and unconditions credit facilities..

28.2 Fair value of financial instruments

Since the financial assets and financial liabilities are classified in short-term or bearing interest rate closely to market rate, and loans denominated in Thai Baht bearing the market interest rate. The Company management assessed fair value of financial assets and financial liabilities presented in statements in financial position closely to their carrying value.

The methodology and assumption used in estimate of fair value of financial instrument are as follow:

- a) Financial assets and financial liabilities with short-term maturity, such as cash and cash equivalents, receivable, payables are presented fair value by estimating in accordance with carrying value in statements in financial position.
- b) Long-term liabilities bearing interest at fixed rate are presented fair value by calculating present value of future cash outflows discounted by estimated make interest rate for financial instruments with similar term.

The Company has the remaining forward contract as at December 31, 2021 as follows:

Currency	Purchase amount	Selling amount	Forward rate		Due date
			Purchase amount	Selling amount	
(Baht: Unit of Foreign Currency)					
USD	-	865,272.41	-	33.16 - 33.84	31 January 2022 – 24 March 2022

The Company has the remaining forward contract as at December 31, 2020 as follows:

Currency	Purchase amount	Selling amount	Forward rate		Due date
			Purchase amount	Selling amount	
(Baht: Unit of Foreign Currency)					
USD	-	1,030,759.50	-	30.00 - 31.13	15 January 2021 - 29 March 2021

Fair value of financial instruments

As at December 2021 and 2020, the Company presented book value of financial assets and financial liabilities which measured at fair value including presented the fair value hierarchy for financial instruments.

(Unit: Baht)

As at December 31, 2021				
		Book value		Fair value
	Fair value through	Amortized	Total	
	profit or loss	cost		
Financial assets				
Cash and cash equivalents	-	57,977,128.43	57,977,128.43	57,977,128.43
Trade and other current receivables	-	26,260,423.87	26,260,423.87	26,260,423.87
Other current financial assets	116,664.26	370,000,000.00	370,116,664.26	370,116,664.26
Other non-current assets	-	36,505,361.10	36,505,361.10	36,505,361.10
Total financial assets	116,664.26	490,742,913.40	490,859,577.66	490,859,577.66
Financial liabilities				
Trade and other current payables	-	66,130,230.82	66,130,230.82	66,130,230.82
Lease liabilities	-	115,416,394.06	115,416,394.06	115,416,394.06
Other non-current liabilities	-	539,000.00	539,000.00	539,000.00
Total financial liabilities	-	182,085,624.88	182,085,624.88	182,085,624.88

(Unit: Baht)

As at December 31, 2020				
		Book value		Fair value
	Fair value through	Amortized	Total	
	profit or loss	cost		
Financial assets				
Cash and cash equivalents	-	175,942,839.82	175,942,839.82	175,942,839.82
Trade and other current receivables	-	42,729,046.87	42,729,046.87	42,729,046.87
Other current financial assets	432,214.58	250,000,000.00	250,432,214.58	250,432,214.58
Other non-current assets	-	55,937,561.81	55,937,561.81	55,937,561.81
Total financial assets	432,214.58	524,609,448.50	525,041,663.08	525,041,663.08
Financial liabilities				
Trade and other current payables	-	75,058,668.64	75,058,668.64	75,058,668.64
Lease liabilities	-	122,075,764.39	122,075,764.39	122,075,764.39
Other non-current liabilities	-	2,036,750.00	2,036,750.00	2,036,750.00
Total financial liabilities	-	199,171,183.03	199,171,183.03	199,171,183.03

Book value of financial assets and financial liabilities presented in statements of financial position are approximately closed to their fair value.

29. FAIR VALUE HIERARCHY

As at 31 December 2021 and 2020, the Company had the assets that were measured at fair value and liabilities for which fair value were disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	Financial Statements as at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
- Forward contracts	-	0.12	-	0.12

(Unit: Million Baht)

	Financial Statements as at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
- Forward contracts	-	0.43	-	0.43

30. CAPITAL MANAGEMENT

The objective of capital management of the Company is to appropriate properly financial structure and to preserve the ability to continue its operation as a going concern.

As at December 31, 2021, the Company has debt to equity ratio equal to 0.26 fold.

31. EVENTS AFTER THE REPORTING PERIOD

31.1 According to the minutes of the Board of directors' Meeting No. 1/2022 held on January 24, 2022, passed the resolution to approve the decrease its share capital from matured treasury stock and unissued in the amount of Baht 1,267,500, divided into 12,675,000 ordinary shares at the par value. Baht 0.10 per share from the original registered capital of Baht 302,261,000.00 to Baht 300,993,500.00. The Company has registered the decrease in share capital with the Ministry of Commerce on February 4, 2022.

31.2 According to the minutes of Board of directors' meeting No. 2/2022 held on February 24, 2022, passed the resolution to decrease its share capital from the warrants to purchase ordinary shares amount of Baht 1,574,146.50, divided into 15,741,465 ordinary shares with a par value of Baht 0.10 from the original registered capital of Baht 300,993,500 to Baht 299,419,353.50

32. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's Board of directors on February 24, 2022.