

Questions-Answers from the Opportunity Day on February 24, 2021

Sabina Public Company Limited

1. According to the easing of China Trade War, will the outsourced factories in China be producing for SABINA at the same low price as previous years? How is the shipment situation from China to Thailand? As the logistics may not be as convenient as previously.

Answer Although, the Trade war between the US and China likely to loosen. In the past, Chinese considered us as their competitors because we are both OEM manufacturer which try to sell the product in the foreign countries. However, after China has a Covid-19 situation, also Trade War with the USA, our situations have changed. Nowadays, we become key customers of their factories and the factories that does not receive orders from the USA are our alliances. They have high quality of production and an inexpensive price rate. We can say that we are their valuable customer.

2. What are the factors that cause the lower GPM% YoY? In SABINA production line, how long does the lead-time take from the design process to the store, how long does it take if we start a new production?

Answer The GPM has decreased YoY due to reasons we have described during the presentation. According to the Covid-19 situation, although we have Q2 lockdown, the factory did not lockdown because the policy applied only to the stores in department stores, not to factories. Therefore, the underwear production line has been examined thoroughly. We had an opportunity to produce fabric facemasks, which are in hygiene product type. The product price was controlled so, we did not gain good margins. Besides, we have donated great amount of fabric facemasks to many hospitals especially Siriraj Hospital. This is how we started the new fabric facemask business in the previous year. Generally, our underwear lead-time is about 3 months, plus an additional week once in the store.

3. For SABINA Brand, what will be the focus this year on SG&A? What important obstacles do you face in penetrating international markets with Sabina brand? As the Company experienced an increase in sales of product under this category while being affected by Covid-19.

Answer Regarding SG&A in the New Year, we have to be careful about the timing of the marketing budget. Because we still believe that in this New Year, the Covid19 situation is still unstable. We have to pay a lot of attention on launching advertising or offering a large campaign, it needs to consider the timing. If we make good decisions about the time, it can save us a lot of money. Regarding marketing budget, we use a lot of social media and online media, which is more efficient use of budget than offline media because we can reach target group of product and price level more accurately. SG&A will also improve based on the marketing budget in the new year. As well as our staff, which the number has reduced due to Covid-19 situation. We have 600 voluntary resignations, we have no hiring or reduction in salary at all, there is no salary cut. We even paid bonuses, but our staff has been reduced due to our factory workers that we are very careful about OT assignments to prevent a rise in the inventory level. As a result, some employees who need income for the family have resigned to take work outside, especially many male employees, which in our production line has 30-40% of male employees. The 600 employees who resigned, 60-70% of which were employees in the production line. We are not worried because these resigned employees went out to work as a food deliveryman, driver, grab food and food panda, who earned better income than when they worked with us. Therefore, it is a time for people who work from home to stay at home more, resulting in more substantial income. This has caused many employees to leave. At the same time, we are not concerned about the size of the production line being smaller as we naturally intend to continue downsizing from now on. This is one of our strategies, when our products are not enough, we will be outsourcing to Vietnam and China to sell, which is more efficient cost management. These are our SG&A plans. SABINA Brand's overseas invasion is now primarily focused on Vietnam and the Philippines, passing through the same obstacles as Thailand because of the uncertainty of the Covid-19 situation at different times of the year, some countries that have faced with Super Spreader situation in a variety of locations, at this time the situation is likely to be similar to Thailand.

We still expect to see improvements in trade, when the travel situation has improved, the hotel has recovered, improved situation of tourists, airlines will return to operation, and thus various businesses will recover accordingly. Now the domestic conjunction is beginning to see a sign of improvement, as the

incoming vaccines have given everyone confidence and the panic-induced effects of Covid-19 have greatly diminished. Therefore, the economy should begin to recover.

4. What is the trend of income and GPM% SGA% this year?

Answer This question is similar to the past, including the presentation in “Oppday” that I have just finished reporting. For income in the year with 2021, we aim to grow by 15%. Last year in April and half of May month we were not selling due to the Lockdown situation that the government announced the closure of all shopping malls and stores. This year it is expected to increase by about 10%. The other 5% that we expect to increase is due to our ability and planning to expand our sales, but the gross profit margin may not be at 54% which is equal to the year 2019 because our price level is lower, which we have to accept. Today we are trying to release fast fashion products that are affordable to most people because the overall economic base after the 1st wave of Covid-19 resulted in people earning less and some became unemployed. This resulted in the higher unemployment rate including SME bankruptcy situation that occurred, and the tourist situation has not improved. The overall image of the tourism industry has not improved at this time, so we still think that our GPM should reach around 49 -52% only. Question on SG&A has been answered in the beginning.

5. What is the expected profit growth this year?

Answer According to the rules of the Securities and Exchange Commission, we are unable to inform on how much the profit will grow. However, we can only speculate on what we will do about SG&A, which we have already talked about. We have also touched on GPM and the sales that we are expecting to grow by 15%. From the mentioned information, you can make your own prediction.

6. I would like to propose the company to launch a campaign focusing on LGBTQ groups because it is an interesting campaign and can increase the number of male customers as well.

Answer Actually, our lingerie products respond to the third gender or the different sexual preferences in Thailand, but in the past, we have never focused on or advertised for these groups clearly. However, for SABINA customers belonging to LGBTQ groups, I am sure they like SABINA products, think that our products meet their needs, and can buy our products. However, recently SABINA has released a collection catering to LGBTQ group; I think that the person who asked me will be satisfied and happy with this collection from SABINA.

7. What is the difference between GM and SG&A of NSR channel and shop?

Answer Last year we said that NSR is online sales and TV shopping, as well as Direct to Customer sales with a higher margin than the margin of offline sales. However, today, because the fixed cost is so low, the number of employees is only about 30 people, when the sales grow to 500 million, the net profit is almost 4 times better than that of offline. If in the future we grow channel, the consumer behavior will change, the overall profit in the part of NSR will be higher.

*** Even during COVID-19 is the Company was still able to make profits and pay dividends at 4%. I hope this year we will grow and generate good profit. We will vouch for you.**

Answer Thank you for this comment.

8. What was SSG like in the last year?

Answer SSG means offline Same Store Growth, which is not much different from last year. In the past year, we closed 7 points of sale that did not deliver a satisfactory P&L that is below break-even. We ended up closing them, which did not matter when our overall base was around over 580 stores, where SSG was closer to the overall percentage of the business in the lower offline segment.

9. Compared with the previous Q4, what is the number of customers entering the stores earlier this year? How much has the profit decreased?

Answer Now it's better. In the past, there was a decrease in the number of people entering the stores because of the second Covid-19 wave in Samutsakhon the end of the year on December 21, 2020, that made people panicked. More than half of the sales have been lost. The duration is about 2 weeks and affected the beginning of January as well. At this time, about the situation has improved from what we previously concerned. If that day was not oppday, I wouldn't have said this.

10. Is the 5-year growth plan that could generate 5 billion in sales by year 2024 still being planned as before?

Answer From now on in 2021, we expect sales to reach 3.4 billion, which is New High compared to 2019. In the next 5 years, the sales plan laid out is 5,000 million. We believe that we will be able to achieve the target planned. It should grow approximately 10% per year, but in 2021 we will grow 15% because we are confident that we can do it.

11. 1). How do we know if an NSR customer is a new customer or a customer transferred from offline channel? If we look at it in terms of income, it simply means that customers changed their buying channel but the revenue of the Company remains the same* (even if expenses reduced because there is no rental cost) It would be great if we can be sure that both old and new customers come to push NSR sales and we can still maintain our offline customers.**

Answer Currently, the company will conduct offline conversions to collect information of customers who have purchased products through offline stores in order to check the results of the online promotion media back in order to achieve the goal of creating the highest growth in terms of selling DTC (Direct to Customer).

2). How many non-income generation stores do you plan to close this year? By doing so, how much can you profit from?

Answer This year we plan to close about 20 non-performing branches. According to the plan, we will attempt to implement actions of improvement until mid-year, either by switching sales people, bringing in capable salesperson, or delivering products that are more direct to the market, or with better management, and if it we don't see any results, we will close around 20 points of sale, which is not a lot. In the past, we used to have more than 600 points of sales but we have been gradually closing the stores each year at around 3-10 branches. However, you will not see us 100-200 branches a year because we have continuously worked on this while in parallel maintaining the sales growth of NSR.

12. What is the reason for the decrease in GPM? What will the direction be in this year?

Answer I have already answered that the GPM is lower from the sewing of the facemasks. The direction of the company this year is expected to improve in terms of GPM because we are not sewing products like this; now more medical masks are available on the market. Since last year there was a shot trade situation, we had the opportunity to produce fabric facemasks, but this year it was not in the same condition, so we will come back to sewing normal underwear, which the GPM in sewing our own bra is

approximately. 53%. But if we outsource it is about 58%, so if the proportion of outsource is higher, the overall GPM will be better.

13 How much is the sales target of NSR in proportion to the total sales?

Answer We expect NSR sales at the end of 2020 to close at 19%, growing by 10%, a very fast growth from Covid -19 situation, which resulted in people turning to online shopping.

Is the amount of the company's NSR net profit margin more or less than offline?

Answer This one has already been answered in the previous question.

14. How much is the revenue target for this year? What kind of sales channels will it come from? What is the proportion?

Answer As mentioned earlier, we set our overall goal to grow by 15%. The percentage of business growth will continue to come from NSR as the highest and NSR is expected to reach 22% by the end of this year. SABINA's growth in CLMV will be approximately 50%. In terms of OEM, we continue to maintain the same. Our strategy is not to focus on OEM, which is only 9%. In the offline segment, it is expected to grow. Since last year there was a shutdown for 2 months, so we expect offline channel to grow at about 7-8%.

15. What are the investment plans this year? How is the investment budget planned?

Answer Our Capex is very low because we have no plans to invest in expanding factories because we use more import strategies. This is similar to branded items such as Nike that have been outsourced, but we are at the point of closing down the factories because underwear products are something that has a unique ability. It can be noticed that even if SABINA product has been ordered by

others to produce, but at the same time, we also produce for others in the European market, which is a high fashioned market with customers demanding for large cup size products up to J K L that is not A B C size. This poses as a challenge in finding manufacturers at the global level and we are able to receive good margins, which keeps our OEMs in operation. We go to China and Vietnam who can produce these easy-to-produce and lower-priced products for us because here they can manage costs more efficiently than if, we produce by ourselves. So don't be surprised that we produce it for other people and let others produce it for us because there are strategic differences.

16. In Vietnam, what is our market share and revenue proportion? What is the Company's plan in building an international brand?

Answer We really intend create a sales plan in Vietnam, because Vietnam is a country that offers a good opportunity, but today we are unable to determine the market share. Currently, it is difficult to look at the market share because there are both online, offline and modern trade, all present themselves simultaneously. In addition, in terms of online trading and TV shopping, it is still impossible to determine the likelihood of the market share.

17. Will the shortage of containers affect the import of raw materials and OEM products?

Answer We have no problem with importing. Most of our raw materials are imported from China, about 30% of our production is not related to outsourcing, we import whole garment so there is no container problem, but we will have problems exporting from Thailand to Europe. In terms of our OEM business, it is expected that it will continue to improve. The problem we had during the year-end and the New Year was because at that time there was a lot of short trade of container, so some delivery of OEM orders moved to Q1 this year.

18. Is it expected that this year's NPM will return to the same as in 2019 at 12.5%?

Answer I can't answer yet. However, it is expected that it will certainly be better than in 2020, and may reach 10-11%.

19. What is the cause of the added AR and how does it relate to the sales through NSR?

Answer AR is one of our plans that we apply to online sales in order to suppress the weakness of online sales that customers cannot feel or try on the product.

20. Do you have any plans to launch new products this year?

Answer New products are released all the time. Even during Covid-19, in Q4 we released 3 new collections. Throughout the year, we have 12 collections, each collection we release 2 times / year, which means that in 1 year SABINA will release 24 new collections. There are two new collections of SABINA per month so there will be about six collections per quarter.