



2. Risk Management

2.1 Internal Control and Risk Management Policy

I.C.C. International Public Company Limited places significant importance on risk management as a key mechanism supporting stable and sustainable business operations amid a rapidly changing business environment, including economic, technological, legal, competitive factors, and evolving sustainability (ESG) expectations from all stakeholder groups. The Company has established a risk management policy to serve as a framework and guideline for the systematic identification, analysis, assessment, management, and monitoring of risks, covering strategic, operational, financial, and compliance risks, as well as emerging risks and sustainability-related risks. The objective is to manage risks within acceptable levels and to utilize risk information as part of the strategic planning and decision-making processes of management and the Board of Directors.

The Board of Directors has assigned the Risk Management Committee to oversee, monitor, and regularly review the Company's enterprise risk management system to ensure that the risk management processes are appropriate, adequate, and aligned with the Company's strategic direction and objectives. Further details of the Company's risk management policy are available on the Company's website.

2.2 Risk Factors on Business Operations

1. Production Efficiency and Cost of Goods Risks

In 2025, the cosmetics industry continued to face intense competition from both international brands aggressively expanding their market presence and local brands employing price-based strategies. Furthermore, the market saw an influx of small-scale brands and startups leveraging online platforms for easier market entry.

Regarding the apparel market (men's and women's), while growth was observed, competition intensified-particularly from international players and brands focusing on high-volume, low-price strategies via online channels. This hindered the Company's ability to adjust selling prices to offset rising costs. Simultaneously, innovation-driven competition led to higher costs in materials and technology.

Furthermore, the volatility of global raw material prices and transportation costs is a significant factor affecting cost management.

The Company, therefore, emphasizes systematic risk management in the production process and cost control to maintain competitiveness, with details as follows:

- Preventive Measures

1. The Company is well aware that delivering quality products at an appropriate cost and on time with market demand is the core of its business operations, thus it has established preventative and corrective measures. Differentiating through innovation and trends in 2025 focuses on research and product development using innovative ingredients that address Beauty Technology and the Sustainable Beauty trend (Clean & Sustainable Beauty) to create added value and a unique identity for the brand. This allows the Company not only to compete on price, but also to maintain value for money according to international standards. Investment in Marketing Technology and collaboration with highly specialized Nano and Micro Influencers has been increased to allow for accurate and efficient targeting of customer segments, thereby reducing wasted marketing budget. The choice to utilize production bases from Saha Group's affiliated companies, which operate under international standards such as ISO 9001, ISO 22716 (GMP Cosmetic), and the Green Industry standard, ensures confidence in an efficient operating system. This affiliation with subsidiaries helps create synergy, both in terms of consolidated raw material procurement for better price negotiation power and integrated joint production planning, which enables timely problem-solving and production plan adjustments in response to fluctuating market demands.

2. Enhance production efficiency through flexible production planning, separating products into perennial (year-round) and short-run, small-batch production.

3. Proactively manage costs, such as by partially locking raw material prices, utilizing standardized substitute materials, and managing the Bill of Materials (BOM) to align with target price levels.

4. Establish Price-to-Value through functional and innovative products to enhance consumer value perception and price acceptance, aligning with market trends driven by innovation and premiumisation in specific segments.

5. Strengthen collaboration with the supply chain, manufacturers, and suppliers to increase speed and reduce waste from production redundancies.

2. Product Management Risks in Stores

The volatility of consumer behavior and external factors remains a key challenge, particularly the risk of inventory imbalance with actual demand, such as having excess stock in declining product segments or shortages in trending product groups. Accelerating factors include the persistent global economic slowdown, continuous impacts from geopolitical conflicts affecting energy and transportation costs, and the rapid change of trends on social media, resulting in a shorter Product Life Cycle. Consequently, the Company must enhance its inventory management to achieve maximum flexibility and precision to minimize the loss of market opportunities and maintain financial liquidity.



- Preventive Measures

1. Elevating the Quick Response Management System (QRMS): The Company utilizes the QRMS to enhance real-time stock management capabilities by analyzing daily sales data and purchasing behavior across all branches nationwide. This system helps the Company accurately forecast market demand and promptly signals the production department to adjust production plans flexibly, ensuring that products entering the stores are truly on-trend and align with customer needs.

2. Increasing Efficiency with the Auto-Replenishment System: The Company has fully integrated the Auto Replenishment system with the QRMS database to automatically calculate the optimal stock quantity at each point of sale. This strategy not only mitigates the risk of overstocking but also ensures that physical stores have products ready for sale in a volume balanced with the actual sales rate, thereby improving inventory turnover efficiency and reducing the burden of stock management for frontline staff.

3. Inventory Management through Omni-Channel: To cope with the growth of the online market, the Company has linked the inventory between physical stores and online warehouses. This enables rapid distribution of products to high-demand channels, mitigating the risk of stock obsolescence in branches where sales are slowing down.

3. Risks Relating to Sales Channels

The Company primarily conducts its business through main channels in department stores, which may face limitations in terms of space and branch expansion, compounded by the increasingly diverse consumer purchasing behavior and greater demand for convenience in 2025. Therefore, the Company focuses on diversifying risk by expanding channels to cover all consumer lifestyles.

- Preventive Measures

1. Expanding into Discount Stores and Modern Trade Retailers: The Company has a policy of aggressively expanding sales channels through Discount Stores and Hypermarkets on an ongoing basis, and has adjusted its inventory management and ordering systems to align with the value-oriented purchasing behavior of this customer segment. This is particularly applied to the cosmetics product category, which emphasizes modern design and on-trend colors at accessible price points, to increase product turnover and reach a broader customer base.

2. Advancing into the Digital and Social Commerce Market: To accommodate the rapid growth of online shopping, the Company has elevated its cooperation with leading Marketplaces and Social Commerce platforms (such as TikTok Shop, Shopee, and Lazada), including the development of the Company's own platform, to create a seamless shopping experience. Data Analytics systems have also been deployed to offer personalized promotions tailored to individual customers.

3. Expanding Outlet and Specialty Store Channels: The Company is accelerating the expansion of Shops and Outlets in the Specialty Store format under the Company's own management, to achieve full flexibility in managing space and merchandise (Direct to Consumer). This enables the Company to build direct relationships with customers and retain full freedom to run responsive sales promotion activities in line with market conditions.

4. Develop an Omni-Channel Journey enabling customers to shop anywhere and receive orders through any channel, enhancing fulfillment flexibility.

4. Risks Relating to Changing Customer Behavior

4.1 Changing of Technology

Consumer behavior has entered the era of Hyper Personalization - the demand for products and services tailored specifically to each individual. The primary risk arises from the rapid advancement of Generative AI and Social Commerce technologies, which have significantly shortened consumer attention spans. If the Company fails to adapt quickly enough to Short Form Content trends or the constantly shifting algorithms of digital platforms, this will directly impact product sales efficiency, resulting in unsold stock in less popular product segments and a loss of market share to brands capable of reaching consumers more rapidly.

- Preventive Measures

Applying AI and Big Data The Company goes beyond data collection by deploying AI systems to analyze large datasets for Predictive Analysis forecasting demand in advance and clearly segmenting customer groups to enable more accurate production planning and product distribution, reducing market oversaturation. Developing the Digital Platform Ecosystem: Enhancing the user experience (UX/UI) across the Company's online channels to deliver a Seamless Experience, supporting diverse payment methods (Digital Wallet) and ease of use for all age groups. Focusing on content creation across multiple social media platforms such as TikTok, Instagram (Reels), Facebook, and YouTube with an emphasis on Live Commerce and Shoppable Video to capture sales at the moment consumer interest is sparked. Promoting collaboration between the marketing team and digital experts, and deploying marketing automation tools to maximize Return on Ad Spend (ROAS) analysis capabilities.



4.2 Taking Care of the Environment and Saving the Earth

Consumer behavior has fully shifted toward an era of environmental awareness. Products and production processes are no longer judged solely on quality – they must also reflect responsibility toward the planet (Eco-Consciousness). The Company therefore focuses its operations on the principle of ingredient source transparency: every ingredient chosen must be naturally derived and fully traceable to its source, to ensure that upstream processes do not damage ecosystems or exploit communities. The highest priority is placed on cleanliness and safety: the Company's products must be free from chemicals harmful to the skin, to long-term health, and must not leave toxic residues in the environment. Ingredient selection goes beyond marketing – it must be genuinely effective and necessary for consumer health, reducing the use of resources beyond what is required. Understanding the consumer means understanding the love they have for the planet. The Company is therefore committed to being part of sustainable change, creating a new standard for health and environmental consciousness together.

- Preventive Measures

1. Elevating the Industry with Digital Technology: Integrating advanced technologies to enhance efficiency from the production process through to product delivery, to meet the needs of modern consumers. AI & Machine Learning are used in data analysis to develop products aligned with market demand. AR & VR (Virtual Experience) address the challenge of online shopping by allowing customers to virtually try products before making a purchase decision. Large-scale data management is deployed to deliver real-time personalized consultations and services.

2. Focusing on developing high-quality products at a good value to maximize consumer satisfaction. Targeted Marketing employs marketing stimuli designed for specific target groups to retain existing customers and expand the new customer base. His & Her Member: strengthening the membership (CRM) system to provide superior benefits and build long-term brand loyalty.

3. Developing the E-Commerce and Logistics System: Focusing on creating a seamless shopping experience and confidence in delivery. www.iccshopping.com – upgrading the platform to be modern, supporting diverse and convenient payment methods. Partnering with Tiger Distribution and Logistics Co., Ltd., to leverage expertise in warehouse management and a distribution system that is fast, secure, and nationwide in coverage.

5. Risk from the Online Sales Environment Which Changes Rapidly

The Company is well aware that this risk is unavoidable in the digital economy era. If the Company can understand and pay close attention to customer behavior and adapt quickly to the pace of change, the negative impacts will remain at a controllable level. Conversely, if adaptation lags behind market dynamics, it may lead to immediate losses and business damage. Therefore, flexibility and a willingness to learn are the core principles that the Company has applied in managing online commerce risks in 2025.

- Preventive Measures

1. Establish a Social Commerce / Live Commerce team and a weekly Company content playbook.
2. Diversify platform dependency across TikTok / Shopee / Lazada / Brand.com.
3. Set brand image management standards to prevent aggressive price competition that damages Brand Equity.

6. Risks from Reduction in the Number of Tourists

The products for which the Company acts as import and distribution agent are particularly popular among foreign tourists, especially those from China, Russia, and the Middle East. Consequently, any slowdown in tourism or a decline in numbers of tourists from these key groups has a direct impact on the Company's sales, particularly in strategic tourist destination areas.

- Preventive Measures

1. Shifting the Customer Base toward Domestic Consumers: Adjusting marketing plans and sales promotion activities to focus primarily on Thai customers, in order to stabilize revenue under the uncertainty of pandemic situations (such as surveillance of new COVID-19 variants) or international travel restrictions.

2. Advancing into the Market of Foreigners Residing in Thailand: Coordinating with leading department stores on Privilege campaigns and special benefits to attract foreigners residing in Thailand, as well as tourists from countries where normal travel is still permitted.

3. Elevating Products from Everyday Items to Gifts and Souvenirs for Special Occasions: To stimulate broader purchase demand and create new usage behaviors that help increase consumption volumes.

4. Using social media platforms and online media to communicate continuously with target audiences overseas, to maintain top-of-mind brand awareness. When the country fully reopens, this customer group will return and choose our brands first.

5. Accelerating the development and improvement of products to suit the preferences of new high-purchasing-power tourist groups, such as those from India and the Middle East, to reduce over-reliance on tourists from any single country and create a more balanced revenue portfolio.



7. Risks to Environmental Impact

Amid an intensifying climate and environmental crisis, the Company is well aware that modern business operations can no longer ignore impacts on the ecosystem. The Company aims to transform environmental risks into opportunities for innovation, focusing on the continuous improvement of its production processes and operations toward sustainability.

- Preventive Measures

1. Sustainable Plastic Waste Reduction Strategy: The Company targets annual reductions in plastic use in packaging through innovative redesign, campaigns, and expanding refillable product options to reduce single-use packaging waste, and promotes reuse in line with the circular economy principle.

2. Developing eco-friendly materials and products.

3. Developing Ecosystem-Friendly Products Elevating ingredient standards to protect biodiversity. Reef-Safe Sunscreen: reformulating sunscreen products to be free from chemicals that cause coral bleaching, while raising consumer awareness of the indirect impact of chemicals on marine ecosystems. Focusing on the production of Vegan skincare formulations that contain no animal-derived ingredients and conduct no animal testing, switching instead to plant-based testing, to uphold ethical standards alongside product quality.

4. Operating in accordance with international standards and social commitments: The Company is committed to serving as a model for the industry in social and environmental responsibility, demonstrating the Company's readiness to address challenges in technology, online market competition, tourism industry volatility, and the environmental crisis, using innovation and genuine care as the core drivers.

8. Inventory Obsolescence Risk

The Company operates in the fashion retail business, where consumer preferences change rapidly. In 2025, the Company had inventories amounting to Baht 2,391.53 million, representing 35.80% of current assets and 6.87% of total assets. The inventory turnover ratio was 2.13 times, resulting in an average inventory holding period of approximately 171 days. Such circumstances may expose the Company to the risk of inventory obsolescence if products cannot be sold within the appropriate timeframe. This may lead to increased inventory management costs and the need to record allowances for obsolete or impaired inventories, which could negatively affect the Company's net profit and liquidity. Nevertheless, the Company has established policies to manage inventory efficiently and prevent excessive stock accumulation. The merchandising process has been improved from product procurement to seasonal sales management, with the aim of increasing the success rate of new products. In addition, the Company actively manages slow-moving inventories by accelerating promotional campaigns and sales activities to facilitate the clearance of such products.

9. Investment Risk

The Company has invested in 140 affiliated and other companies with shareholding of not more than 50 percent of their registered capital, and in 4 companies where the Company holds more than 50 percent of the registered capital, which are classified as subsidiaries. Certain investments involve cross-shareholding structures among affiliated companies. The Company does not have control over the operations of the companies in which it has invested, as their management is governed by their respective boards of directors.

The Company's investment strategy primarily involves investments in related businesses or businesses within the same supply chain, as well as investments aimed at risk diversification.

The Company receives returns from such investments in the form of dividends. If any investee company incurs losses, the Company will recognize an allowance for impairment of investment in its statement of profit or loss. The shareholding structure does not affect the recognition of the Company's share of earnings and does not result in differences from the amounts recognized in the financial statements.

To mitigate investment risks, the Company appoints representatives from within the investee companies or related businesses to monitor the investments. These representatives review the financial statements and operational situations of the investee companies in order to identify potential issues and report to the Company and the group shareholders at least once a year, or immediately in the event of unusual situations or crises, so that appropriate corrective actions can be taken. In addition, the Board of Directors and the Executive Committee regularly review the performance of the companies in which the Company has invested, with particular attention to loss-making businesses, and seek measures to improve operational efficiency and achieve sustainable profitability.

10. Loans and Guarantees

As of December 31, 2025, the Company provided loans to four related companies totaling Baht 611.80 million, compared to Baht 566.05 million in 2024, representing an increase of Baht 45.75 million due to additional borrowings by related companies.

As of December 31, 2025, the Company also had guarantee obligations for seven companies amounting to Baht 414.62 million, compared to Baht 232.17 million in 2024. The total guarantee obligations increased by Baht 182.45 million from the previous year. Such guarantees were provided in accordance with joint investment agreements and are proportionate to the Company's shareholding.



11. Foreign Exchange Risk

Foreign exchange rates can have both positive and negative impacts on the Thai economy and represent a factor that companies engaged in import and export activities must manage. Changes in exchange rates may affect the Company's revenue and expenses when converted into Thai Baht, resulting in uncertainties in cash inflows and outflows. Such fluctuations may lead to either gains or losses. Exchange rate volatility is difficult to predict due to numerous influencing factors, including domestic economic fundamentals, monetary and fiscal policies, global economic conditions, market expectations and speculation, political stability in both domestic and international contexts, market sentiment, and rumors. Although the Company cannot control exchange rate fluctuations, it manages foreign exchange risks through appropriate financial instruments, such as forward foreign exchange contracts, in order to better manage revenues and costs.

12. Financial Reporting and Accounting Standards Risk

The Company operates through numerous subsidiaries, associates, and joint ventures and engages in both domestic and international transactions. The preparation of financial statements therefore requires management judgment, accounting estimates, and compliance with applicable financial reporting standards. Changes in accounting standards, accounting policies, or accounting estimates may affect the recognition of revenues, expenses, assets, and liabilities, which could impact the Company's operating results and financial position.

Furthermore, complex transactions such as financial statement consolidation, fair value measurement of investments, impairment assessment of assets, and estimation of inventory obsolescence allowances may pose risks of inaccuracies in financial reporting.

Nevertheless, the Company has established appropriate accounting and financial internal control policies and procedures. The accounting and finance departments closely monitor updates to financial reporting standards, regularly review accounting data, and engage independent external auditors to audit the annual financial statements to ensure that financial reporting is accurate, transparent, and compliant with applicable accounting standards.

13. Internal Control Risk in Accounting and Finance

The Company conducts a large number of transactions related to procurement, sales, inventory management, and transactions with related companies. If internal controls over accounting and financial processes are inadequate, there may be risks of accounting errors, fraud, or inaccurate financial reporting, which could affect the reliability of financial statements and decision-making by management and investors.

To mitigate such risks, the Company has implemented appropriate internal control systems, including approval procedures, segregation of duties, regular account reconciliations, and internal audit functions that continuously review and assess the effectiveness of internal controls. The results are reported to the Audit Committee to ensure that the Company's operations comply with good corporate governance practices.

14. Market Competition Risk

With rapid technological advancements, many businesses are increasingly focusing on direct engagement with individual customers without relying on intermediaries. Accordingly, the Company has implemented several strategic adjustments, including:

1. Enhancing supply chain structures to achieve cost advantages and strengthen competitiveness
2. Responding to changing consumer behavior by developing deep customer insights
3. Streamlining organizational structures to improve efficiency and responsiveness to customer needs while continuously enhancing operational efficiency
4. Developing sales channels alongside product development to align with target customer segments

15. Risk from Uncertainty of Expected Investor Returns

The Company's share price may fluctuate depending on various factors beyond the Company's control, including:

- Changes in policies, regulations, rules, or conditions affecting the industry
- Economic downturns, inflation, or high interest rates, which may affect the Company's operating results and the overall market valuation of shares
- Geopolitical risks such as wars, political conflicts, or natural disasters, which may affect the global economy and financial markets

These factors may result in the Company's share price being lower than the price at which investors purchased shares and/or higher than the price at which investors sold shares, thereby exposing investors to uncertainties in expected returns.

16. Risk from Dividend Payment Not Meeting Investor Expectations

The Company's ability to pay dividends depends on several factors, including capital expenditure plans, reserves for business expansion, investment requirements, and operating cash flows. If such factors adversely affect the Company's financial capacity, the Company may be unable to pay annual or interim dividends at levels expected by investors. Nevertheless, the Company recognizes that shareholders are key stakeholders and are essentially the owners of the Company and their investments.

The Company has established a dividend policy to pay dividends at Baht 0.20 per share per year (equivalent to 20% of the par value), subject to the Company's operating performance and prevailing economic conditions.



17. Regulatory, Laws, Rules, and Relevant Laws Risk

Due to changes in state policy which attaches importance to the development of the economy parallel to the development of society, communities and the environment, such changes could have an impact on business operations. For instance, the Personal Data Protection Act B.E. 2562 provided rules, mechanisms, or measures for oversight in relation to the protection of personal data as regards rules for the collection, compilation, use, disclosure and transfer of personal information. Any violation or non-compliance would be punishable by civil, criminal and administrative sanctions.

The Company therefore regularly monitors changes in regulations, laws, rules, and relevant laws including the laws related to business operations which may be changed or amended, and will disseminate and create understanding among personnel regularly in preparation for any change. The Company exercises oversight of business activities and company operations to secure compliance with laws, regulations and directives, to ensure that the Company's business activities are consistent with the provisions of the law. The Company also builds awareness of the importance of legal compliance amongst Company Directors, executive officers and employees through various activities, such as the communication of knowledge and advice to Company personnel.

18. Aging Society Risk

The Company recognizes Thailand's transition toward an aging society, which may impact workforce structure and the continuity of institutional knowledge. Therefore, the Company places importance on effective human resource management by supporting retired employees who remain capable and willing to continue working under flexible employment arrangements. This approach promotes the transfer of experience, knowledge, and skills between senior and younger employees.

In 2025, the Company had a total of 88 retirees, of which 27.27% applied to continue working. This initiative helps strengthen knowledge continuity within the organization, enhances workforce management efficiency, and mitigates the impacts of demographic changes key factors in sustaining long-term business continuity and organizational sustainability.

For details, please refer to the "Driving Business Towards Sustainability" section on page 46-101 in the 2025 Annual Information Disclosure/Annual Report (Form 56-1 One Report) and the company's 2025 Sustainability Report, also published on the company website (<http://www.icc.co.th>).

19. Risk from Corruption

The Company is well aware that corruption is a significant obstacle to sustainable business, economic and social development. Corruption may occur in different forms and with varying severity; therefore, the Board of Directors and the executives of the Company pay close attention to eliminating fraud and corruption by stipulating policies and guidelines against corruption and communicating these to its directors, executives, officers and all groups of stakeholders. Moreover, sufficient review and assessment of the procedure for the elimination of corruption are always undertaken in order to ensure all groups of stakeholders that the Company conducts its business with transparency, fairness, and verifiability, to enhance competitiveness and sustainable growth.

In addition, the Company also assesses the risk of non-compliance with laws, rules, regulations and corporate governance, including following up on any grievances which may be submitted under the grievance procedure, and notifying and planning to improve and upgrade various measures, and presenting the outcomes of performance to the Corporate Governance and Sustainable Development Committee with the aim of sustainable development, and providing recommendations and/or determining relevant guidelines for practice so as to consistently prevent the aforementioned risk. To this end, the Company has joined the Thailand Private Sector Collective Action Coalition against Corruption, where the Company was first certified as a CAC Certified Company in 2016 with a term of 3 years each time. The Company has continuously renewed this certification, and completed its third certification renewal in 2025, receiving confirmation of renewal on 31 December 2025.

20. Risk in Human Rights

The Company has established a Human Rights Policy and guidelines as a framework for conducting business both internally and throughout its value chain. These cover fair labor practices, non-discrimination, prevention of child labor and forced labor, as well as the provision of a safe working environment that respects human dignity. These issues are considered significant risks that may affect the Company's reputation and stakeholder confidence.

In addition, the Company has established a mechanism for reporting human rights violations and for protecting persons who report such violations, through the same channels designated by the Company for reporting corruption-related complaints. The Company is aware of the opportunities and risks that may arise, and has prepared appropriate remediation and impact mitigation measures for human rights violations on a case-by-case basis.

In the past year, the Company did not encounter any significant human rights violations arising from its operations, and continues to enhance its management practices in this area to support responsible and sustainable business operations in the long term.



21. Risk in Personal Information Protection

The Company is committed to managing personal data in accordance with the Personal Data Protection Act B.E. 2562 (PDPA). Over the past year, the Company has enhanced its operations across four key pillars:

- **Governance:** Updated the Records of Processing Activities (RoPA) to align with the new organizational structure. A dedicated working group has been established to oversee data usage compliance, with regular reporting to the Data Protection Officer (DPO).
- **Data Subject Rights:** Developed efficient systems for searching and responding to data subject requests. Data regarding the exercise of these rights is analyzed to continuously evaluate and improve protection measures.
- **Supply Chain Security:** Formulated and managed Data Processing Agreements (DPA) with partners, vendors, and financial institutions to maintain high data security standards throughout the entire business ecosystem.
- **People Capability:** Conducted training sessions and post-tests for employees at all levels. Additionally, PDPA situation updates and best practices are provided to the working group to ensure readiness in a dynamic regulatory environment.

22. Cybersecurity Risk Management

The Company has elevated its information security through a “3-Pillar” strategy to build trust among all stakeholders

- **Technology & Standard:** Updated security policies to align with the international NIST Framework. We have also deployed advanced Intrusion Detection and Prevention Systems (IDPS) covering both hardware and software infrastructure.
- **People & Culture:** Aimed at fostering a “Security Culture” by encouraging personnel to obtain international certifications, such as CompTIA Security+. Regular Phishing Mail Tests are conducted to build proactive awareness among employees.
- **Resilience & Recovery:** Conducted annual IT Disaster Recovery Plan (IT-DRP) drills and emergency contingency plans. The scope has been expanded to cover critical systems to ensure Business Continuity (BCP) even in the event of unforeseen incidents.