

## Innovation and Technology Development

The company is committed to the development of good corporate governance and responsible innovation that continually addresses social, environmental, and stakeholder concerns. This commitment aims to create a company of value to society, balancing both business performance and responsibility towards stakeholders, including society, communities, and the environment. The company complies with all legal requirements and regulations to protect and fairly ensure the rights of stakeholders. Furthermore, the company encourages stakeholder participation in promoting long-term business wealth, stability, and sustainability.

To meet the changing needs of consumers and maintain efficient cost control, it is necessary for the company to foster business innovations that drive growth and differentiation. However, promoting sustainability through innovation should not only propel the business forward but also contribute to creating value for society and/or the environment.

1. Product Innovation in Environmentally Friendly Goods
2. Process Innovation

### 1. Product Innovation in Environmentally Friendly Goods

The company has collaborated with its partners to carefully select raw materials for producing eco-friendly products, while supporting the conservation of natural resources, ensuring safety, and maintaining standards amidst climate change. The company also promotes responsible consumption to its customers. Recently, the company has procured and distributed the following eco-friendly products (ECO Products):

**1. Eco-Friendly Jeans:** The company has partnered with YKK, one of its key suppliers, to develop and use eco-friendly materials for jeans, including zippers, buttons, and rivets for new collections. The materials were first introduced in the "3109 Series," which is the company's best-selling line of jeans, in April 2023. The company plans to gradually adopt these materials for new and repeat production in the 2024 fiscal year and aims to use eco-friendly materials in all its jeans in the future.

The special features of the zippers, buttons, and rivets in the new jeans are produced using YKK's "AcroPlating" technology, which significantly reduces waste and environmental impact. This process cuts chemical use by 59%, water consumption by 66%, electricity use by 69%, hazardous waste emissions by 92%, and greenhouse gas emissions by 96% compared to traditional production methods.

Additionally, the zipper tape is made from YKK's "Natulon Zipper," which employs recycling principles. The Natulon zipper tape is made from 100% recycled materials, such as plastic bottles and used clothing, which are crushed and woven into new zipper tape. This differs from the traditional production method that uses virgin polyester to create zipper tape.



**2. Mc Earth Friendly Collection:** The company has introduced a clothing collection featuring Recycle Innovation, where leftover denim scraps from jeans production are spun back into yarn and woven into fabric. This collection, designed under the concept "Nature to Future," is carefully crafted with graphic details and eco-friendly color tones. It includes a range of products such as T-shirts, shirts, sweaters, and hoodies, all reflecting the company's commitment to environmental sustainability.



**3. The Filagen T-shirt :** this collection incorporates an innovative fabric made from fish scales, a natural waste product, spun into yarn and woven into fabric. This technology helps retain skin moisture effectively due to the fish scales being rich in collagen peptides. The Filagen T-shirt offers a soft, comfortable feel and benefits skin health by keeping it hydrated, reducing irritation, and providing excellent breathability, which helps prevent odors. Additionally, it features protection against UVA and UVB rays and is environmentally friendly, naturally biodegradable, and sustainable.



Proportion of Eco-friendly Products

	Fiscal year 2022 (Jul 21 – Jun 22)	Fiscal year 2023 (Jul 22 – Jun 23)	Fiscal year 2024 (Jul 23 – Jun 24)
Number of Eco-friendly Products (Pieces)	40,358	63,090	171,132
Number of Sold Products (M. Pieces)	4.9	5.5	6.3
% Eco-friendly Products	0.82%	1.14%	2.72%

2. Process Innovation

Process innovation refers to improving or modifying existing production or service processes to achieve greater efficiency. This reduces time, minimizes waste, and cuts costs, benefiting both the company's economic performance and social impact. Specifically, it improves the quality of work life for employees and conserves resources.

Recognizing the importance of such innovation, the company has established a Business Process Improvement unit responsible for managing and enhancing business processes. This includes the application of technology to increase efficiency, ensuring faster and more accurate operations. These improvements not only benefit customers but also reduce repetitive work for employees, as well as energy and resource consumption.

### Innovation project in process improvement

Description	<p>The project began with issues faced by the Construction department regarding the reporting of damaged or non-functional equipment and the request for repair or replacement services at branches. Previously, this process was manual, requiring problem reports to be sent via email and paper documents to be printed centrally for approval, following a sequential process. The goal was to make the process more accurate, efficient, and quicker.</p>
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**Commencement** Since each department has different requirements, the project was divided into several phases, with implementation dates as follows:

(Disbursement of materials and equipment for Point of Sales)

Phase 5 : May 4, 2024 (Management and control of fixed assets at Point of Sales)

Benefits to the Company	<ul style="list-style-type: none"> <li>● Helped reduce processing time by approximately 40-60%.</li> <li>● Improved internal processes to be faster and more accurate, enhancing customer experience and contributing to higher satisfaction and sales.</li> <li>● Data is stored in a database and can be used for analysis and improvement of both retail and departmental operations in the future.</li> </ul>
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- **Monitor & Follow-Up:** Keep track of your repair notifications and stay updated on their progress.



Project Name	Online-to-Offline (O2O) Sales Channel Development Project
Description	To create a seamless shopping experience for customers and address the issue of customers visiting physical stores but finding out that desired products are out of stock or unavailable in the required size leading to missed sales opportunities the company has developed an O2O sales channel system. This system uses technology to allow customers to order products not available in-store, with options for home delivery or pickup at the store, depending on the customer's preference and convenience.
Commencement	8 January 2024
Results	In the fiscal year 2024, from the start of operations on January 8, 2024, to June 30, 2024, there were 1,108 orders placed through the O2O channel, generating a revenue of 956,050 Baht.
Benefits to the Company	<ul style="list-style-type: none"><li>● Allowing customers to purchase products anytime and anywhere, and receive them according to their needs promptly, enhances customer satisfaction and builds long-term relationships.</li><li>● Stimulates sales, reduces lost sales opportunities, and increases company revenue.</li><li>● Increases customer engagement and satisfaction.</li><li>● Provides a competitive advantage for the business.</li></ul>
Benefits to social and environment	<ul style="list-style-type: none"><li>● Allowing customers to choose between receiving products at the store or at home helps reduce unnecessary transportation of goods to branches, thereby decreasing greenhouse gas emissions and pollution from transportation.</li><li>● This system enables the company to meet customer needs more accurately, reducing inventory levels, allowing for better production planning, and minimizing overproduction, which helps reduce waste and resource usage in production.</li></ul>

