

Management Discussion and Analysis

for the operation results of the third quarter of fiscal year 2022 (1 Jan 2022 – 31 Mar 2022)

MC Group Public Company Limited and its subsidiaries (“the Company”) summarized the operating results for the third quarter of fiscal year 2022 (1 Jan 2022 – 31 Mar 2022) and for the 9-month period of the fiscal year 2022 (1 Jul 2021 – 31 Mar 2022) details as follows:

Overall Economic and Industry Overview

In the third quarter of fiscal year 2022 (1 Jan 2021 – 31 Mar 2022), the Thai economy, retail industry and domestic consumption has been continuously affected by a COVID-19 outbreak. In this quarter The Consumer Confidence Index stood at 42.0 in December 2021, a slightly increase from 46.2 in December 2021, which is still present concerns over the spread of the COVID-19 virus, the price of goods and the cost of living that remained high include concern in war between Russia and Ukraine may push up oil price Although the increase in COVID-19 vaccination in the country Partly help to stimulate Consumer Confidence.

Overall Performance for Q3'21 and 9-month period of FY2022

Unit: THB million	Oct21-Dec21	Oct20-Dec20	Change	6-month Period		Change
				Jul21-Dec21	Jul20-Dec20	
Sales Revenue	738	776	-5.0%	2,171	2,689	-19.3%
Gross Profit	482	471	+2.3%	1,399	1,630	-14.2%
Gross Profit Margin	65.3%	60.7%	+4.6%	64.4%	60.6%	+3.8%
SG&A	347	361	-4.0%	960	1,111	-13.6%
%SG&A	47.0%	46.5%	+0.5%	44.2%	41.3%	+2.9%
Other Revenue	5	5	-4.8%	21	21	-1.6%
EBITDA before one-off item and discontinued operations*	233	222	+4.8%	744	847	-12.2%
%EBITDA before one-off item and discontinued operations	31.3%	28.4%	+2.9%	34.0%	31.3%	+2.7%
NPAT	110	93	+18.3%	364	429	-15.1%
%NPAT	14.8%	11.9%	+2.9%	16.6%	15.8%	+0.8%

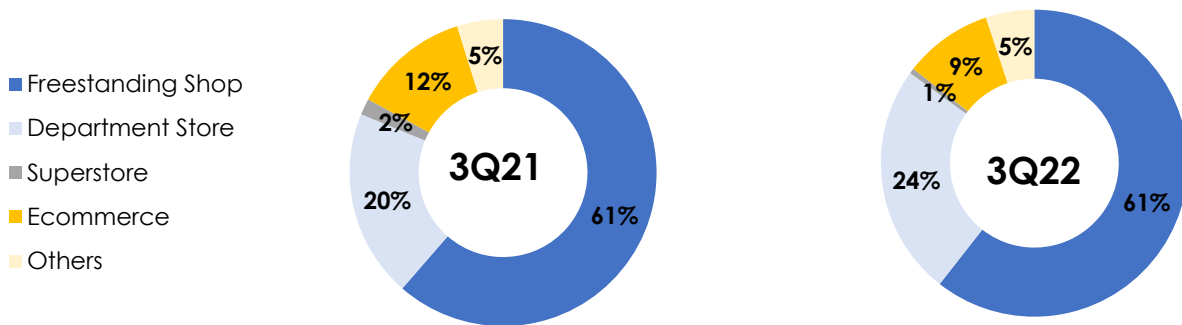
MC GROUP

Revenue

In the third quarter of FY2022, the Company reported sales revenue of THB 738 million a decrease of THB 39 million or 5.0% YoY due to offline channels, which are the main channel at 91 percent of total sales were affected by the spread of COVID-19 Omicron, frighten in impact on Russia and Ukraine war and economics turndown resulting temporarily reduction in the number of customer from mention status while the online channel unable to compensate for the shortfall because of purchasing power as overall economic downturn from the prolonged COVID-19 pandemic. The Company forecast that higher vaccination rates and easing COVID-19 prevention activities also not escalate of the war will stimulate the economy. New purchasing power and residual purchasing power decision to compensate for the revenue in the next quarter.

For 9-month period of FY2022, the Company reported sales revenue of THB 2,171 million the decrease of THB 518 million or 19.3% YoY from ongoing and prolonged spread of COVID-19 has resulted in a decrease in the number of customer of freestanding shops and department stores. as well as the policy to control disease of government which impacted the temporary closed of several point of sales over 2 months period also panics of the Russia and Ukraine war.

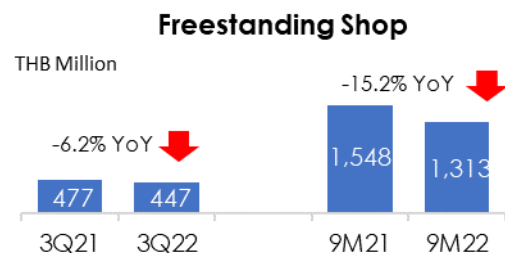
Revenue break down by channel



In the third quarter of fiscal year 2022 revenue breakdown by channels consisted of revenue from free-standing shop 61%, Department stores 24%, E-commerce 9%, Superstores 1%, and other channels 5%.

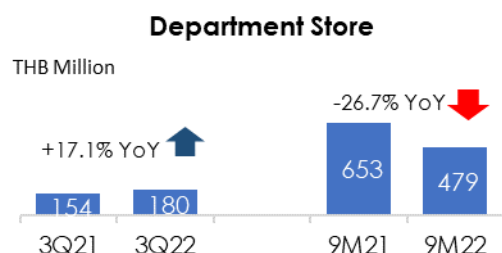
- **Freestanding Shop**

Sales revenue from free standing shops in 3Q22 was THB 447 million decreased by THB 30 million or -6.2% YoY. For the 9-month period was THB 1,313 million decreased by THB 235 million or -15.2% YoY.



- **Department Store**

Sales revenue from Department Stores in 3Q22 was THB 180 million increased by THB 26 million or +17.1% YoY. Which made the 9-month period was THB 479 million lower last YTD decreased by THB 174 million or -26.7% YoY.

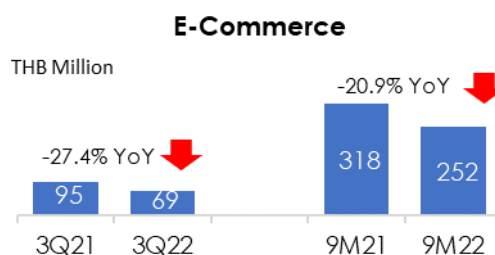


MC GROUP

■ E-commerce

Sales revenue from E-commerce in 3Q22 was THB 69 million decreased by THB 26 million or -27.4% YoY.

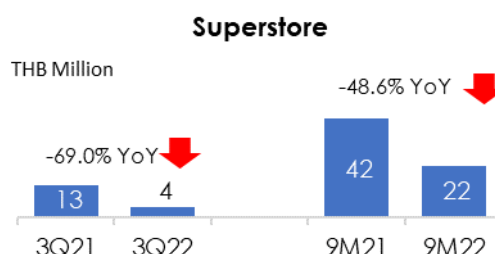
For the 9-month period was THB 252million decreased by THB 66 million or -20.9% YoY.



■ Superstore

Sales revenue from Superstores in 3Q22 was THB 4 million decreased by THB 9 million or -69.0% YoY.

For the 9-month period was THB 22 million decreased by THB 20 million or -48.6% YoY.



As of 31 Mar 20221, the Company had a total of 638 point of sales as follows

By Distribution Channel	Apparel and Lifestyle Products under "MC Group"		
	31 Mar 2022	30 Jun 2021	Increase (+) / Decrease (-) from end FY2021
Free-standing Shop	343	334	+9
Modern Trade	286	287	-1
Mobile Unit	6	6	-
Total POS (domestic)	635	627	+8
International Markets	9	9	-
Total	644	636	+8

Gross Profit

The Company reported THB 482 million of gross profit in 3Q22 a increase of THB 11 million or a 2.3% YoY and gross profit margins of 65.3% shift up compared to 60.7% in the same period of the prior year as a result of marketing strategy. product sales mix and channel mix which closely manage by management team during hard situation of COVID-19 pandemic also the government has different policies and concentrations in each wave. In addition, the increase in the price of raw materials in the world market will not affect the cost of the Company's products soon because the Company has hedged against the purchase of raw materials in advance.

For 9-month period FY2022, the Company's gross profit was THB 1,399 million decreased THB 231 million or 14.2% YoY with gross profit margin of 64.4% shift up from 60.6% from the same period of last year an increase mainly from strategy mention above which start implement since 2QFY22 results better gross profit margin and mitigate impact from lower sales.

Selling, General and Administrative Expenses (SG&A)

SG&A expenses in 3Q22 was THB 347 million decreased THB 14 million or 4.0% YoY. SG&A to sales was 47.0% compared to 46.5% in the same period of prior year. This was a result of a decrease in direct expenses from lower sales.

MC GROUP

and the implementation of policies to control, negotiate and reduce expenses in various parts continually according to the situation. In compared to the percentage of sales the higher percentage was temporary as result of the temporary decline in sales.

For 9-month period FY2022, SG&A was THB 960 million lower last year same period by THB 151 million or 13.6%, SG&A to sales increase from 44.2% in the previous year to 41.3% due to lower sales as mention.

Earnings before interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA for 3Q22 was THB 233 million increased by THB 11 million or 4.8% YoY. EBITDA margin increased to 31.3% compared to 28.4% in the previous year, because of higher gross profit and cost savings offset with lower sales as the above-mentioned.

EBITDA for the 9-month period FY2022 was THB 744 million reported the decreased of THB 103 million or 12.2%. while EBITDA margin for 9-month period FY2021 was increase to 34.0% compared to 31.3% previous year.

Net Profit

In 3Q22 the Company reported THB 110 million net profit, increased THB 17 million or 18.3% YoY. Net profit margin 14.8% an increase from 11.9% in the previous year

For the 9-month period FY2022, net profit was THB 364 million, decrease THB 65 million or 15.1% YoY. Net profit margin was 16.6% increase from 15.8% in the previous year

MC GROUP

Financial Position Analysis

Statement of Financial Position

(THB million)	31 Mar 2022	30 June 2021	% change
Cash and short-term investments	1,851	1,864	-1%
Account receivables	210	202	+4%
Inventory	1,286	1,250	+3%
Right-of-use assets	885	1,126	-21%
Other assets	786	771	+3%
Total Assets	5,018	5,214	-4%
Account payables	226	171	+32%
Interest-bearing liabilities	-	-	-
Lease liabilities	886	1,113	-20%
Other liabilities	352	328	+7%
Total Liabilities	1,463	1,612	-9%
Equity attributable to the firm	3,544	3,591	-1%
Non-controlling interest	11	11	-1%
Shareholders' Equity	3,555	3,603	-1%

Assets

As of 31 Mar 2022, the Company reported total assets of THB 5,018 million, THB 196 million decrease from 30 June 2021 consist of;

- Right-of-use assets decreased by THB 241 million from THB 1,126 million on 30 June 2021 to THB 885 million on 31 Mar 2022.
- Cash and short-term investments decreased by THB 13 million from THB 1,864 million on 30 June 2021 to THB 1,851 million on 31 Mar 2022.
- Offset with increase in Inventories THB 36 million from THB 1,250 million on 30 June 2021 to THB 1,286 million on 31 Mar 2022.
- Other assets increased by THB 15 million from THB 771 million on 30 June 2021 to THB 786 million on 31 Mar 2022.
- And Account receivables increased by THB 8 million from THB 202 million on 30 June 2021 to THB 210 million on 31 Mar 2022.

Liabilities

As of 31 Mar 2022, total liabilities were THB 1,463 million compared to THB 1,612 million on 30 June 2021. The decrease of THB 149 million contributed by THB 227 million decrease of lease liabilities offset with increase in Account payable and other liabilities by THB 55 million and THB 24 million respectively.

MC GROUP

Shareholders' Equity

As of 31 Mar 2022, the Company reported THB 3,555 million of shareholders' equity, the decrease of THB 48 million from the THB 3,603 million reported on 30 June 2021 due to increase from 9-months period performance of THB 364 million offset with dividend paid of THB 412 million.

Liquidity

On 31 Mar 2022, the Company's cash, cash equivalent and short-term investment amounted of THB 1,851 million decreased from 30 June 2021 by THB 13 million due to:

- Net cash inflows from operation of THB 708 million, which was mainly contributed by profit before income tax expense of THB 444 million and increase of Trade and other current payables THB 100 million
- Net cash outflows from investment activities of THB 67 million mainly from THB 49 Million cash invested in other non-current financial asset, THB 26 million purchase of property, plant and offset with THB 9 million cash received from dividend.
- Net Cash outflows from financing activities was THB 637 million from dividend payment of THB 412 million and lease liabilities payment of THB 214 million.

Key Financial Ratios

Financial Ratios		For period ended	
		31 Mar 2022	30 June 2021
Liquidity Ratios			
Current Ratio*	times	4.2	4.6
Average Days Receivable	days	35	28
Average Days in Inventory	days	480	373
Average Days Payable	days	86	41
Cash cycle	days	430	360
Efficiency Ratios			
Return on Assets (Annualized)	%	9.0	11.9
Return on Equity (Annualized)	%	10.7	12.4
Leverage Ratios			
Debt to Equity Ratio	times	0.41	0.45

*Exclude Current portion of lease liabilities, Current Ratio were 6.7 and 8.1 times for 31 Mar 2022 and 30 Jun 2021, respectively.

Respectfully yours



Virach Seripanu

Director