

Management Discussion and Analysis

for the operation results of the first quarter of fiscal year 2023 (1 Jul – 30 Sep 2022)

MC Group Public Company Limited and its subsidiaries (“the Company”) summarized the operating results of the first quarter of fiscal year 2023 (1 Jul – 30 Sep 2022) as follows:

Overall Economic and Industry Overview

In the First quarter of fiscal year 2023 (1 Jul - 30 Sep 2022), Consumer Confidence Index increased to 46.4 compared to 44.3 in Jun 2022 due to government eased restrictions cause economic activities return to normal with the government's measures to stimulate the economic especially from “Khon La Khrueng” co-payment subsidy scheme, Welfare Card to stimulate the purchasing power throughout the country, However, The THB depreciate against USD caused increased in Cost of goods, Concern flooding situation and war between Russia and Ukraine, As a result, consumers are not confident about the recovery of the Thai economy.

Overall Performance for Q1 of FY2023

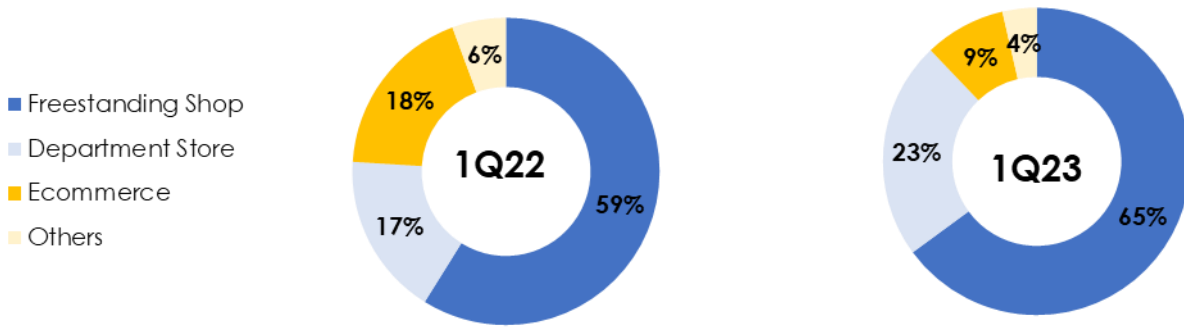
Unit: THB million	1Q23	1Q22	Change
	(Jul–Sep 23)	(Jul–Sep 22)	
Sales Revenue	759	438	+73.3%
Gross Profit	490	269	+82.4%
Gross Profit Margin	64.6%	61.4%	+3.2%
SG&A	350	243	+43.8%
SG&A/Sales (%)	46.0%	55.5%	-9.4%
Other Revenue	9	5	+81.8%
EBITDA	243	129	+89.1%
EBITDA Margin	31.7%	29.0%	+2.8%
NPAT	116	24	+390.0%
Net Profit Margin	15.0%	5.3%	+9.7%

Revenue

In the first quarter of FY2023, The company reported sales revenue of THB 759 million increased THB 321 million or 73.3% YoY. The significant improvement contributes from offline channels such Free Standing shop and Department Store. The main channel was advantage by relaxed COVID-19 policy and opened the country since last quarter while last year was impacted by COVID 19.

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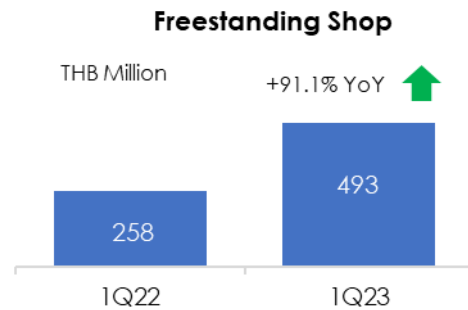
Revenue break down by channel



In the first quarter of fiscal year 2023 revenue breakdown by channels consisted of revenue from free-standing shop 65%, Department stores 23%, E-commerce 9% and other channels 4%.

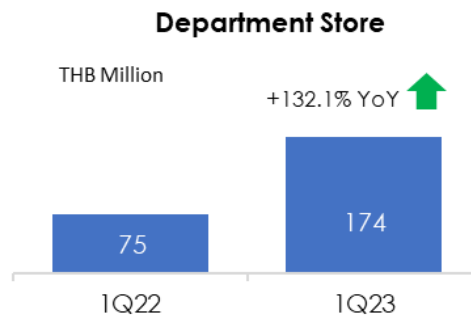
- **Freestanding Shop**

Sales revenue from freestanding shop in 1Q23 was THB 493 million increased THB 235 million or 91.1% YoY.



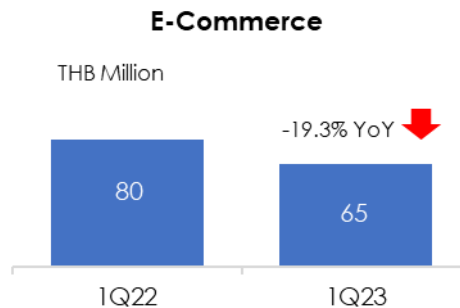
- **Department Store**

Sales revenue from Department Stores in 1Q23 period was THB 174 million increased THB 99 million or 132.1% YoY.



- **E-commerce**

Sales revenue from E-commerce in 1Q23 was THB 65 million decreased THB 16 million or -19.3% YoY.



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As of 30 Sep 2022, the Company had a total of 651 point of sales as follows

By Distribution Channel	Apparel and Lifestyle Products under "MC Group"		
	30 Sep 2022	30 Jun 2022	Increase (+) / Decrease (-) from end FY2022
Free-standing Shop	355	350	+5
Modern Trade	281	282	-1
Mobile Unit	6	6	-
Total POS (domestic)	642	638	+4
International Markets	9	9	-
Total	651	647	+4

Gross Profit

For the first quarter of FY2023, the company's gross profit was THB 490 million increased THB 222 million or 82.4% YoY from higher sales, in the same way to gross profit margin of 64.6% up from 61.4% from the same period of last year from promotion and channel management.

Selling, General and Administrative Expenses (SG&A)

For the first quarter of FY2023, SG&A was THB 350 million increased THB 107 million or 43.8% YoY result from higher sales, but SG&A to sales change to 46.0% from 55.5% previous year mentioned higher sales and effective cost control.

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

EBITDA for the first quarter of FY2023 was THB 243 million increased THB 115 million or 89.1%. EBITDA margin for the first quarter of FY2023 was 31.7% compared to 29.0% in the previous year from high gross margin and effective cost control.

Net Profit

For the first quarter of FY2023, net profit was THB 116 million increased THB 92 million or 390.0%. Net profit margin was 15.0% compared to 5.3% in the previous year.

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Financial Position Analysis

Statement of Financial Position

(THB million)	31 Sep 2022	30 Jun 2022	% Change
Cash and short-term investments	2,111	1,995	6%
Account receivables	204	203	0%
Inventory	1,251	1,200	4%
Right-of-use assets	865	856	1%
Other assets	894	807	11%
Total Assets	5,325	5,062	5%
Account payables	255	168	52%
Interest-bearing liabilities	-	-	-
Lease liabilities	875	860	2%
Other liabilities	402	359	12%
Total Liabilities	1,532	1,387	10%
Equity attributable to the firm	3,783	3,665	3%
Non-controlling interest	10	10	-0%
Shareholders' Equity	3,793	3,675	3%

Assets

As of 30 Sep 2022, the Company reported total assets of THB 5,325 million, increased 5% or THB 263 million from period 30 June 2022 mainly comprised:

- Cash and short-term investments increased THB 116 million from THB 1,995 million on 30 June 2022 to THB 2,111 million on 30 Sep 2022.
- Other Assets increased THB 87 million from THB 807 million on 30 June 2022 to THB 894 million on 30 Sep 2022 mainly from increased in from property, plant and equipment THB 91 million
- Inventories increased THB 51 million from THB 1,200 million on 30 June 2022 to THB 1,251 million on 30 Sep 2022
- Right-of-use assets increased THB 9 million from THB 856 million on 30 June 2022 to 865 million on 30 Sep 2022

Liabilities

As of 30 Sep 2022, total liabilities were THB 1,532 million compared to THB 1,387 million on 30 June 2022, an increase of THB 144 million contributed from THB 87 million increase of Account Payables, THB 28 million increase of corporate income tax payable and THB 14 million increase of Lease liabilities.

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Shareholders' Equity

As of 30 Sep 2022, the Company reported THB 3,793 million of shareholders' equity, an increase of THB 118 million from the THB 3,675 million on 30 June 2022 from 1Q23 performance of THB 116 million and gain on remeasurement of defined benefit plans of THB 2 million.

Liquidity

As of 30 Sep 2022, the Company's cash, cash equivalent and short-term investment of THB 2,111 million increased THB 116 million from 30 June 2022 due to:

- Net Cash inflow from operation of THB 255 million, mainly contributed by profit before income tax expense of THB 144 million and Account payables increase THB 73 million
- Net Cash outflow from investment activities of THB 103 million mainly due to THB 102 million purchase of property, plant.
- Net Cash outflow from financing activities was THB 37 million from payment of liabilities under finance lease agreements THB 32 million and financial cost THB 5 million

Key Financial Ratios

Financial Ratios		For period ended	
		30 Sep 2022	30 Jun 2022
Liquidity Ratios			
Current Ratio*	times	4.1	4.6
Average Days Receivable	days	22	25
Average Days in Inventory	days	423	434
Average Days Payable	days	78	60
Cash cycle	days	367	399
Efficiency Ratios			
Return on Assets (Annualized)	%	14.0	11.9
Return on Equity (Annualized)	%	15.6	13.4
Leverage Ratios			
Debt to Equity Ratio	times	0.4	0.4

*Exclude Current portion of lease liabilities, Current Ratio were 6.2 and 7.6 times for 30 Sep 2022 and 30 Jun 2022, respectively.

Respectfully yours



Virach Seripanu

Director