

## Management Discussion and Analysis

### for the operation results of the third quarter of fiscal year 2023 (1 Jan 2023 – 31 Mar 2023)

MC Group Public Company Limited and its subsidiaries (“the Company”) summarized the operating results for the third quarter of fiscal year 2023 (1 Jan 2023 – 31 Mar 2023) and for the 9-month period of the fiscal year 2023 (1 July 2022 - 31 March 2023) details as follows:

#### Overall Economic and Industry Overview

In the third quarter of fiscal year 2023 (1 January 2022 – 31 March 2023), In this quarter The Consumer Confidence Index stood at 52.3 in March 2023, increase from 50.4 in December 2022, cause economic activities continues to recover from increase of foreign tourists, decreased in retail oil prices, government measures to stimulate the economy for example the project “Rao Tiew Duay Kan” Phase 5 and other cost-of-living reduction project also coming government election in May 2023 help to stimulate purchasing power and other economic activity results more confidence and purchasing power. However, Prolong war between Russia and Ukraine that may affect cost of raw material, the increase in consumer electric price and PM 2.5 situation still a negative factor affecting consumer confidence.

#### Overall Performance for Q3'23 and 9-month period of FY2023

Unit: THB million	Jan23-Mar2322	Jan22-Mar22	Change	9-month Period		Change
				Jul22-Mar23	Jul21-Mar22	
Sales Revenue	957	738	29.7%	2,832	2,171	30.5%
Gross Profit	621	482	28.8%	1,839	1,399	31.5%
Gross Profit Margin	64.9%	65.3%	-0.5%	64.9%	64.4%	0.5%
SG&A	424	347	22.2%	1,193	960	24.3%
%SG&A	44.3%	47.0%	-2.7%	42.1%	44.2%	-2.1%
Other Revenue	7	5	40.2%	19	21	-10.1%
EBITDA	302	233	29.8%	951	744	27.9%
%EBITDA	31.3%	31.3%	0.0%	33.4%	34.0%	-0.6%
NPAT	163	110	49.0%	525	364	44.3%
%NPAT	17.0%	14.8%	2.2%	18.4%	16.6%	1.8%

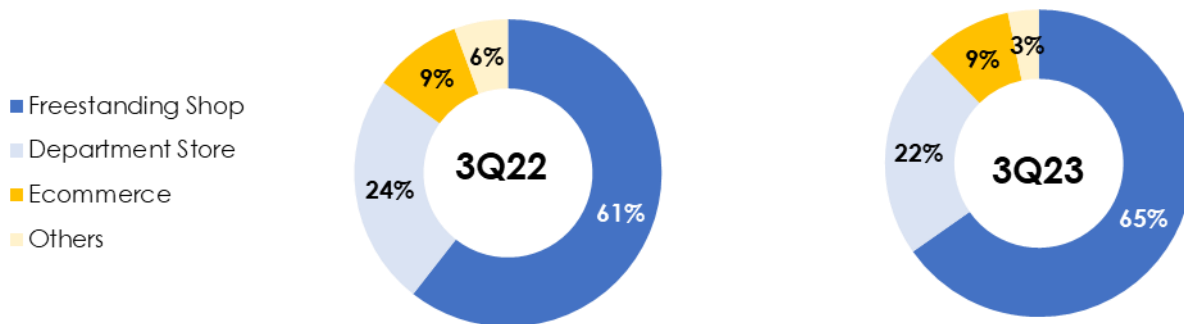
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## Revenue

In the third quarter of FY2023, the Company reported sales revenue of THB 957 million an increase of THB 219 million or 29.7% YoY mainly contributes from sales volume of offline channels such Free Standing shop and Department Store. The significant improvement was advantage by relaxed COVID-19 policy and continuing opened new stores to support recovery demand after COVID 19.

For 9-month period of FY2023, the Company reported sales revenue of THB 2,832 million the increase of THB 662 million or 30.5% YoY contribution from improvement offline performance while last year was impacted by COVID 19.

### Revenue break down by channel



In the third quarter of fiscal year 2023 revenue breakdown by channels consisted of revenue from free-standing shop 65%, Department stores 22%, E-commerce 9% and other channels 3%.

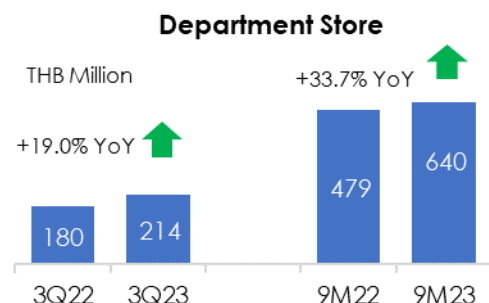
- **Freestanding Shop**

Sales revenue from free standing shops in 3Q23 was THB 624 million increased by THB 177 million or +39.7% YoY. For the 9-month period was THB 1,855 million increased by THB 542 million or +41.2% YoY from sales volume and store expansion.



- **Department Store**

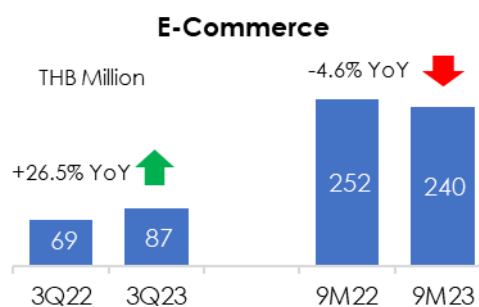
Sales revenue from Department Stores in 3Q23 was THB 214 million increased by THB 34 million or +19.0% YoY. For the 9-month period was THB 640 million increased by THB 161 million or +33.7% YoY.



## ■ E-commerce

Sales revenue from E-commerce in 3Q23 was THB 87 million increased by THB 18 million or +26.5% YoY.

For the 9-month period was THB 240 million decreased by THB 12 million or -4.6% YoY.



As of 31 Mar 2023, the Company had a total of 680 point of sales as follows

By Distribution Channel	Apparel and Lifestyle Products under "MC Group"		
	31 Mar 2023	30 Jun 2022	Increase (+) / Decrease (-) from end FY2022
Free-standing Shop	384	350	+34
Modern Trade	281	282	-1
Mobile Unit	6	6	-
<b>Total POS (domestic)</b>	<b>671</b>	<b>638</b>	<b>+33</b>
International Markets	9	9	-
<b>Total</b>	<b>680</b>	<b>647</b>	<b>+33</b>

## Gross Profit

The Company reported THB 621 million of gross profit in 3Q23 an increase of THB 139 million or a 28.8% YoY from higher sales. Gross profit margins maintain high at 64.9% but slightly decrease from 65.3% in the same period of the prior year from continuing manage promotion and distribution channel.

For 9-month period FY2023, the Company's gross profit was THB 1,839 million increased THB 441 million or 31.5% YoY with gross profit margin of 64.9% shift up 0.5% from 64.4% last year cause continuing promotion control and channel management.

## Selling, General and Administrative Expenses (SG&A)

SG&A expenses in 3Q23 was THB 424 million increased THB 77 million or 22.2% YoY. SG&A to sales was 44.3% decreased from 47.0% in the same period of prior year shown effectiveness of spending as sales increase higher than expenses increase.

For 9-month period FY2023, SG&A was THB 1,193 million increased THB 233 million or 24.3% YoY from higher sales. SG&A to sales was 42.1% compared to 44.2% in the same period of prior year from effective cost control.

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

EBITDA for 3Q23 was THB 302 million, an increase by THB 69 million or 29.8% YoY. The EBITDA margin was 31.3% same ratio to last year.

For the 9-month period FY2023 EBITDA was THB 951 million increased by THB 207 million or 27.9% YoY. EBITDA margin was 33.4%, slightly lower compared to 34.0% in the previous year from slightly lower other income.

## Net Profit

In 3Q23 the Company reported THB 163 million in net profit, increased THB 54 million or 49.0% YoY. Net profit margin was 17.0% increase from 14.8% in the previous year.

For the 9-month period FY2023, net profit was THB 525 million, increased THB 161 million or 44.3% YoY. Net profit margin was 18.6% increase from 16.8% in the previous year.

## Financial Position Analysis

### Statement of Financial Position

(THB million)	31 Mar 23	30 Jun 22	% change
Cash and short-term investments	1,774	1,995	-11%
Account receivables	234	203	15%
Inventory	1,268	1,200	6%
Right-of-use assets	900	856	5%
Other assets	1,013	807	26%
<b>Total Assets</b>	<b>5,189</b>	<b>5,062</b>	<b>3%</b>
Account payables	258	168	54%
Interest-bearing liabilities	0	0	0%
Lease liabilities	908	860	5%
Other liabilities	410	359	14%
<b>Total Liabilities</b>	<b>1,576</b>	<b>1,387</b>	<b>14%</b>
Equity attributable to the firm	3,611	3,665	-1%
Non-controlling interest	2	10	-75%
<b>Shareholders' Equity</b>	<b>3,613</b>	<b>3,675</b>	<b>-2%</b>

## Assets

As of 31 Mar 2023, the Company reported total assets of THB 5,189 million, THB 127 million increase from 30 June 2022 consist of;

- Other assets increased by THB 207 million from THB 807 million on 30 June 2022 to 1,013 million on 31 Mar 2023 mainly from increased in Property, plant and equipment such store expansion and CIP of THB 176 million and Long-Term Investment THB 49 million.
- Cash and short-term investments decreased by THB 222 million from THB 1,995 million on 30 June 2022 to THB 1,774 million on 31 Mar 2023
- Increased in Inventories THB 67 million from THB 1,200 million on 30 June 2022 to THB 1,268 million on 31 Mar 2023.
- Right-of-use assets increased by THB 44 million from THB 856 million on 30 June 2022 to 900 million on 31 Mar 2023 from channel expansion.
- Increased in Account Receivable THB 31 million from THB 203 million on 30 June 2022 to THB 234 million on 31 Mar 2023.

## Liabilities

As of 31 Mar 2023, total liabilities were THB 1,576 million compared to THB 1,387 million on 30 June 2022. The increase of THB 359 million mainly contributed by THB 90 million of Trade Payables, THB 47 million increase of lease liabilities and THB 47 million of other Liability.

## Shareholders' Equity

As of 31 Mar 2023, the Company reported THB 3,613 million of shareholders' equity, the decrease of THB 61 million from the THB 3,675 million reported on 30 June 2022 due to decrease from 9-months period performance of THB 525 million offset with dividend paid of THB 582 million.

## Liquidity

As of 31 Mar 2023, the Company's cash, cash equivalent and short-term investment amounted of THB 1,774 million decreased from 30 June 2022 by THB 222 million due to:

- Net cash inflows from operation of THB 639 million, which was mainly contributed by profit before income tax expense of THB 651 million.
- Net cash outflows from investment activities of THB 273 million mainly from THB 221 million of cash paid for acquisition of property, plant and equipment and THB 51 million of cash paid for acquisition of other non-current financial assets.
- Net Cash outflows from financing activities was THB 792 million mainly from dividend payment of THB 582 million and lease liabilities payment of THB 193 million.

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## Key Financial Ratios

Financial Ratios		For period ended	
		31 Mar 23	30 Jun 22
<u>Liquidity Ratios</u>			
Current Ratio	times	3.8	4.6
Average Days Receivable	days	23	25
Average Days in Inventory	days	372	434
Average Days Payable	days	71	60
Cash cycle	days	324	399
<u>Efficiency Ratios</u>			
Return on Assets (Annualized)	%	16.0	11.9
Return on Equity (Annualized)	%	18.1	13.4
<u>Leverage Ratios</u>			
Debt to Equity Ratio	times	0.4	0.4

\*Exclude Current portion of lease liabilities, Current Ratio were 5.7 and 7.6 times for 31 Dec 2022 and 30 Jun 2022, respectively.

Respectfully yours



Virach Seripanu

Director