

15 May 2023

Re: MD&A for the three-month period ended 31 March 2023

To the President

The Stock Exchange of Thailand

Chic Republic Public Company Limited (the “**Company**”) would like to provide our Management Discussion and Analysis (MD&A) for the three-month period ended 31 March 2023 as follows:

Consolidated Statement of Comprehensive Income	31 March 2023	31 March 2022	Change	
	Million Baht	Million Baht	Million Baht	%
Merchandise sales revenue	110.62	110.85	(0.23)	(0.21)
Project-based revenue	28.44	99.12	(70.68)	(71.31)
Service revenue	10.11	7.16	2.95	41.20
Other revenue	0.67	0.37	0.30	81.08
Total revenues	149.84	217.51	(67.67)	(31.11)
Costs of sales and services	59.84	116.91	(57.07)	(48.82)
Gross profit	89.33	100.23	(10.90)	(10.87)
Selling expenses and administrative expenses	82.29	72.87	9.42	12.92
EBIT	7.71	27.73	(20.02)	(72.20)
Profit for the year	0.79	14.71	(13.92)	(94.63)
Earnings per share (Baht)	0.0006	0.015	(0.0144)	(96.00)

Total revenues for the three-month period ended 31 March 2023 decreased by Baht 67.67 million or decreased 31.11% compared to the three-month period ended 31 March 2022 due mainly from the following revenues:

- Project-based sales decreased due mainly to project work that was postponed due to the on-site space is not ready for furniture installation as planned. This delays the delivery of work.
- Service revenue increased by Baht 2.95 million came from rental revenue and service revenue increased from rental shops with increased sales and an increase in new rental shops.

Cost of sales and services for the three-month period ended 31 March 2023 decreased by Baht 57.07 million or decreased 48.82% compared to the three-month period ended 31 March 2022, which is in line with lower sales revenue, mainly due to project work that was postponed due to the on-site space is not ready for furniture installation.

Gross profit for the three-month period ended 31 March 2023 decreased by Baht 10.90 million or decreased 10.87% compared to the three-month period ended 31 March 2022 which is in line with lower sales revenue both stores and project sales.

Selling and administrative expenses for the three-month period ended 31 March 2023 increased by Baht 9.42 million or increased 12.92% compared to the three-month period ended 31 March 2022 mainly due to higher marketing expenses from marketing campaigns and activities. Utility increased due to increased variable electricity tariffs. Transportation costs increased due to increased fuel costs and more shipments to other provinces and an increase in allowances for slow-moving goods were recorded.

Finance costs for the three-month period ended 31 March 2023 decreased by Baht 1.90 million or decreased 21.65% compared to the three-month period ended 31 March 2022 due to repayments of loans and leased liability payments.

Net profit for the three-month period ended 31 March 2023 decreased by Baht 13.92 million or decreased 94.63% compared to the three-month period ended 31 March 2022 due to lower revenue from project work that could not be installed as planned due to project postponement due to site space not being ready for installation, as well as increased costs and expenses from marketing expenses and utility.

Analysis of Consolidated Statement of Financial Position

Consolidated Statement of Financial Position	31 March 2023	31 December 2022	Change	
	Million Baht	Million Baht	Million Baht	%
Total assets	1,636.85	1,703.42	(66.57)	(3.91)
Total liabilities	800.69	869.49	(68.80)	(7.91)
Total shareholders' equity	836.16	833.92	2.24	0.27

Total assets as at 31 March 2023 amounting to Baht 1,636.85 million, decreased by Baht 66.57 million from 31 December 2022 are mainly from

- Cash and cash equivalents decreased by Baht 44.00 million due mainly from repayments of short-term and long-term loans, including payment of lease liabilities under the agreements and investment in the installation of Solar Rooftop.
- Building and equipment increased by Baht 11.82 million came from store decoration expenses of Baht 1.28 million, purchase of office equipment amounting to Baht 0.55 million and installation of equipment for solar rooftop amounting to Baht 24.68 million and depreciation and amortisation for the period.
- Right-of-use assets decreased by Baht 8.58 million are mainly from acquisition of assets under lease agreement amounting to Baht 0.56 million and recognition of amortization for the period.

Total liabilities as at 31 March 2023 amounting to Baht 800.69 million, decrease by Baht 68.80 million from 31 December 2022 are mainly from

- Repayments of short-term and long-term loans amounting to Baht 51.16 million and Baht 15.88 million, respectively.
- Lease liabilities decreased by Baht 10.00 million from payments made for lease liabilities under the agreements.

Total shareholders' equity as at 31 March 2023 amounting to Baht 836.16 million increased by Baht 2.24 million from 31 December 2022 are mainly from operating results for the three-month period.

Financial Ratio

Financial Ratio	Unit	31 March 2023	31 December 2022
Liquidity Ratio			
Liquidity Ratio	Times	1.14	1.20
Profitability Ratio			
Gross margin	%	59.89	49.06
Net profit	%	0.53	2.15
Return on Assets	%	0.19	0.94
Return on Equity	%	0.38	2.31
Leverage Ratio			
Debt to Equity ratio	Times	0.96	1.04
Interest Coverage Ratio	Times	1.12	1.62

As at 31 March 2023 the Company had liquidity ratio decreased from last year due mainly from cash paid for equipment for Solar Rooftop during the first quarter. Profitability ratio decreased due to increase in expenses such as utilities and marketing expenses. Debt to Equity ratio decreased from repayments of loans and settlement of lease liabilities.

Ms. Piyanuch Nakayodhin

Deputy Managing Director and Head of Accounting and Finance

Chic Republic Public Company Limited