

Management Discussion and Analysis for the operation results of fiscal year 2023 (1 Jul 2022 – 30 Jun 2023)

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

Overall Economic and Industry Overview

In the fourth quarter of fiscal year 2023 (1 Apr 2023 – 30 Jun 2023), In this quarter The Consumer Confidence Index at 56.1 in June 2023, increase from 52.3 in Mar 2023, cause the economic activities continues to recover from increase in tourists, government support on reduces cost-of-living such electricity FT and gasoline tax support also the election in May 2023 help to stimulate economic activity. However, concerned about the uncertainty in forming a government after election, High cost of living especially in electricity and prolong of the war between Russia and Ukraine that may affect cost of raw material still a negative factor affecting consumer confidence.

Overall Performance for FY2023

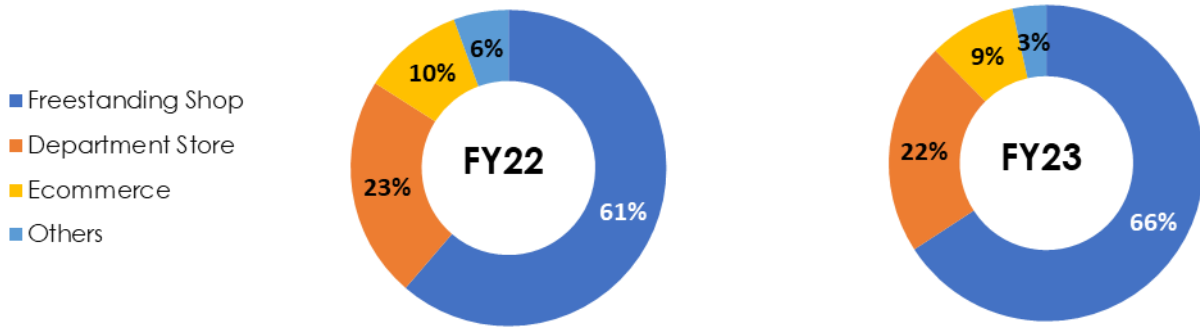
Unit: THB million	FY 2023		Change
	Jul22-Jun23	Jul21-Jun22	
Sales Revenue	3,670	2,923	25.6%
Gross Profit	2,379	1,892	25.8%
Gross Profit Margin	64.8%	64.7%	0.1%
SG&A	1,587	1,306	21.5%
%SG&A	43.2%	44.7%	-1.4%
Other Revenue	27	26	2.4%
EBITDA	1,203	991	21.4%
%EBITDA	32.5%	33.6%	-1.1%
NPAT	644	486	32.5%
%NPAT	17.4%	16.5%	0.9%

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Revenue

For FY2023, the Company reported sales revenue of THB 3,670 million the increase of THB 747 million or 25.6% YoY contribution from relaxing of COVID-19 prevention activities and government economic stimulus measures Including expansion channels to support the purchasing power that has returned to normal after the impact of COVID-19 in the previous year.

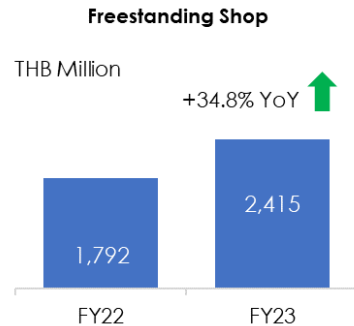
Revenue break down by channel



In FY2023 revenue breakdown by channels consisted of revenue from free-standing shop 66%, Department stores 22%, E-commerce 9% and other channels 3%.

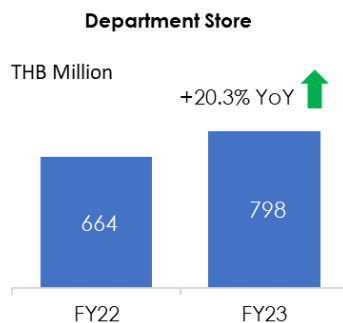
- **Freestanding Shop**

Sales revenue from free standing shops in FY2023 was THB 2,415 million increased by THB 624 million or +34.8% YoY from sales volume and store expansion.



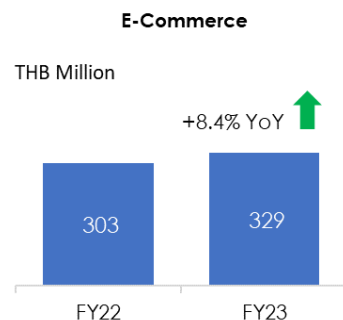
- **Department Store**

Sales revenue from Department Stores in FY2023 was THB 798 million increased by THB 135 million or +20.3% YoY.



- **E-commerce**

Sales revenue from E-commerce in FY2023 was THB 329 million decreased by THB 26 million or +8.4% YoY.



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As of 30 Jun 2023, the Company had a total of 699 point of sales as follows

By Distribution Channel	Apparel and Lifestyle Products under "MC Group"		
	30 Jun 2023	30 Jun 2022	Increase (+) / Decrease (-) from end FY2022
Free-standing Shop	403	350	+53
Modern Trade	281	282	-1
Mobile Unit	6	6	-
Total POS (domestic)	690	638	+52
International Markets	9	9	-
Total	699	647	+52

Gross Profit

For FY2023, the Company's gross profit was THB 2,379 million increased THB 487 million or 25.8% YoY with gross profit margin of 64.8% shift up 0.1% from 64.7% last year cause continuing promotion control and channel management.

Selling, General and Administrative Expenses (SG&A)

For FY2023, SG&A was THB 1,587 million increased THB 281 million or 21.5% YoY from higher sales. SG&A to sales was 43.2% compared to 44.7% in the same period of last year from effective in cost control compared to higher sales results. The company has implemented a Solar roof project to save electricity costs in the head office.

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

For FY2023 EBITDA was THB 1,203 million increased by THB 212 million or 21.4% YoY. EBITDA margin was 32.5%, slightly lower compared to 33.6% in the previous year.

Net Profit

For FY2023, net profit was THB 644 million, increased THB 158 million or 32.5% YoY. Net profit margin was 17.4% increase from 16.5% in the previous year.

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Financial Position Analysis

Statement of Financial Position

(THB million)	30 Jun 23	30 Jun 22	% change
Cash and short-term investments	1,727	1,995	-13%
Account receivables	203	203	0%
Inventory	1,294	1,200	8%
Right-of-use assets	974	856	14%
Other assets	1,173	807	45%
Total Assets	5,371	5,062	6%
Account payables	233	168	39%
Interest-bearing liabilities	0	0	0%
Lease liabilities	984	860	14%
Other liabilities	434	359	21%
Total Liabilities	1,650	1,387	19%
Equity attributable to the firm	3,719	3,665	1%
Non-controlling interest	2	10	-75%
Shareholders' Equity	3,721	3,675	1%

Assets

As of 30 Jun 2023, the Company reported total assets of THB 5,371 million, increase 6% or THB 309 million from 30 June 2022 consist of;

- Other assets increased by THB 367 million from THB 807 million on 30 June 2022 to 1,173 million on 30 Jun 2023 mainly from increased in Property, plant, and equipment such store expansion and fulfillment center CIP of THB 338 million.
- Right-of-use assets increased by THB 118 million from THB 856 million on 30 June 2022 to 974 million on 30 Jun 2023 from channel expansion.
- Increased in Inventories THB 94 million from THB 1,200 million on 30 June 2022 to THB 1,294 million on 30 Jun 2023.
- Cash and short-term investments decreased by THB 269 million from THB 1,995 million on 30 June 2022 to THB 1,727 million on 30 Jun 2023

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Liabilities

As of 30 Jun 2023, total liabilities were THB 1,650 million compared to THB 1,387 million on 30 June 2022. The increase of THB 263 million mainly contributed by THB 123 million increase of lease liabilities, THB 75 million of other Liability and THB 65 million increase of of Trade Payables.

Shareholders' Equity

As of 30 Jun 2023, the Company reported THB 3,721 million of shareholders' equity, the increase of THB 47 million from the THB 3,675 million reported on 30 June 2022 due to FY2023 financial performance of THB 644 million offset with dividend paid of THB 582 million.

Liquidity

As of 30 Jun 2023, the Company's cash, cash equivalent and short-term investment amounted of THB 1,727 million decreased from 30 June 2022 by THB 269 million due to:

- Net cash inflows from operation of THB 740 million, which was mainly contributed by profit before income tax expense of THB 797 million.
- Net cash outflows from investment activities of THB 464 million mainly from THB 400 million cash paid for acquisition of property, plant and equipment and THB 66 million cash paid for investment of other non-current financial assets.
- Net Cash outflows from financing activities was THB 749 million mainly from dividend payment of THB 582 million and lease liabilities payment of THB 144 million.

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Key Financial Ratios

Financial Ratios		For period ended	
		30 Jun 23	30 Jun 22
<u>Liquidity Ratios</u>			
Current Ratio	times	3.8	4.6
Average Days Receivable	days	20	25
Average Days in Inventory	days	353	434
Average Days Payable	days	57	60
Cash cycle	days	316	399
<u>Efficiency Ratios</u>			
Return on Assets (Annualized)	%	15.7	11.9
Return on Equity (Annualized)	%	17.4	13.4
<u>Leverage Ratios</u>			
Debt to Equity Ratio	times	0.4	0.4

*Exclude Current portion of lease liabilities, Current Ratio were 5.6 and 7.6 times for 30 Jun 2023 and 30 Jun 2022, respectively.

Respectfully yours



Virach Seripanu

Director