

Management Discussion and Analysis

for the operation results of the first quarter of fiscal year 2024 (1 Jul – 30 Sep 2023)

MC Group Public Company Limited and its subsidiaries (“the Company”) summarized the operating results of the first quarter of fiscal year 2024 (1 Jul – 30 Sep 2023) as follows:

Overall Economic and Industry Overview

In the First quarter of fiscal year 2024 (1 Jul - 30 Sep 2023), Consumer Confidence Index slightly dropped to 55.7 compared to 56.1 in Jun 2023 due to Thai economy's recovery was not as expectation there are concerned about the uncertainty in forming a new government which success in early September, increased in interest policy rate and prolong of the war between Russia and Ukraine still a negative factor affecting consumer confidence, However, the new government policy to reduces cost-of-living such electricity and diesel price also VISA - free for Tourism from China and Kazakhstan help to stimulate Consumer Confidence.

Overall Performance for Q1 of FY2024

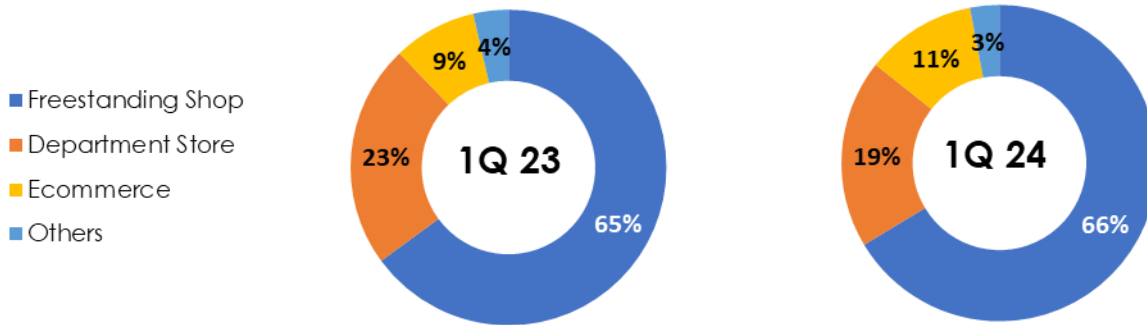
Unit: THB million	1Q24 (Jul-Sep23)	1Q23 (Jul-Sep22)	Change
Sales Revenue	882	759	16.1%
Gross Profit	582	490	18.6%
Gross Profit Margin	66.0%	64.6%	1.4%
SG&A	427	350	22.2%
%SG&A	48.5%	46.0%	2.4%
Other Revenue	14	9	48.7%
EBITDA	268	243	10.3%
%EBITDA	30.0%	31.7%	-1.7%
NPAT	129	116	11.6%
%NPAT	14.4%	15.0%	-0.6%

Revenue

In the first quarter of FY2024, The company reported sales revenue of THB 882 million increased THB 122 million or 16.1% YoY. The significant improvement contributes from continued expansion in offline channel and growth in online channel with government resolutions to stimulate consumption.

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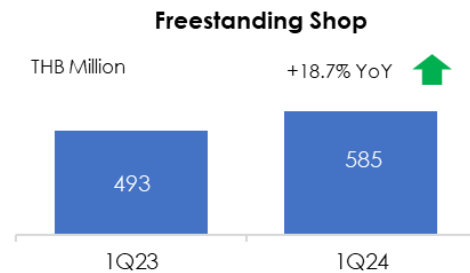
Revenue break down by channel



In the first quarter of fiscal year 2024 revenue breakdown by channels consisted of revenue from free-standing shop 66%, Department stores 19%, E-commerce 11% and other channels 3%.

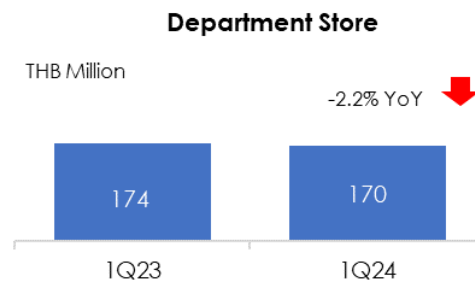
- **Freestanding Shop**

Sales revenue from freestanding shop in 1Q24 was THB 585 million increased THB 92 million or +18.7% YoY. From continued expansion.



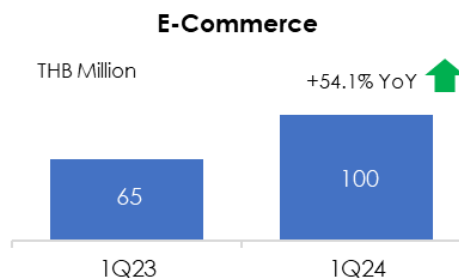
- **Department Store**

Sales revenue from Department Stores in 1Q24 period was THB 170 million decreased THB 4 million or -2.2% YoY.



- **E-commerce**

Sales revenue from E-commerce in 1Q24 was THB 100 million increased THB 35 million or +54.1% YoY.



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As of 30 Sep 2023 and 30 Jun 2023, the Company had a total of 566 and 555 point of sales respectively details as follows

By Distribution Channel	Apparel and Lifestyle Products under "MC Group"		
	30 Sep 2023	30 Jun 2023	Increase (+) / Decrease (-) from end FY2023
Free-standing Shop	413	403	+10
Modern Trade*	138	137	+1
Mobile Unit	6	6	-
Total POS (domestic)	557	546	+11
International Markets	9	9	-
Total	566	555	+11

* Change from last reported as regrouping.

Gross Profit

For the first quarter of FY2024, the company's gross profit was THB 582 million increased THB 91 million or 18.6% YoY from higher sales, in the same way to gross profit margin of 66.0% increased from 64.6% in the same period last year from promotion and channel management.

Selling, General and Administrative Expenses (SG&A)

For the first quarter of FY2024, SG&A was THB 427 million increased THB 78 million or 22.2% YoY result from higher sales, However SG&A to sales change from 46.0% previous year to 48.5% from higher sales and expansion in point of sales with impact from loss on impairment.

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

EBITDA for the first quarter of FY2024 was THB 268 million increased THB 25 million or 10.3%. EBITDA margin was 30.0% compared to 31.7% in the previous year from higher gross margin off-set with loss on impairment.

Net Profit

For the first quarter of FY2024, net profit was THB 129 million increased THB 13 million or 11.6%. Net profit margin was 14.4% compared to 15.0% in the previous year.

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Financial Position Analysis

Statement of Financial Position

(THB million)	30 Sep 2023	30 Jun 2023	% Change
Cash and short-term investments	1,675	1,727	-3%
Account receivables	251	203	24%
Inventory	1,472	1,294	14%
Right-of-use assets	1,022	974	5%
Other assets	1,186	1,173	1%
Total Assets	5,605	5,371	4%
Account payables	326	233	40%
Interest-bearing liabilities	0	0	0%
Lease liabilities	1,034	984	5%
Other liabilities	392	434	-10%
Total Liabilities	1,752	1,650	6%
Equity attributable to the firm	3,851	3,719	4%
Non-controlling interest	2	2	-1%
Shareholders' Equity	3,853	3,721	4%

Assets

As of 30 Sep 2023, the Company reported total assets of THB 5,605 million, increased 4% or THB 234 million from period 30 June 2023 mainly comprised:

- Inventories increased THB 177 million from THB 1,294 million on 30 June 2023 to THB 1,472 million on 30 Sep 2023
- Account receivables increased THB 48 million from THB 203 million on 30 June 2023 to THB 251 million on 30 Sep 2023
- Right-of-use assets increased THB 47 million from THB 974 million on 30 June 2023 to 1,022 million on 30 Sep 2023
- Other Assets increased THB 13 million from THB 1,173 million on 30 June 2023 to THB 1,186 million on 30 Sep 2023
- Cash and short-term investments decreased THB 52 million from THB 1,727 million on 30 June 2023 to THB 1,675 million on 30 Sep 2023.

Liabilities

As of 30 Sep 2023, total liabilities were THB 1,752 million compared to THB 1,650 million on 30 June 2023, an increase of THB 102 million contributed from THB 93 million increase of Account Payables, THB 51 million increase of Lease liabilities and THB 31 million increase of corporate income tax payable off-set with THB 75 million decrease of Accrued expenses.

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Shareholders' Equity

As of 30 Sep 2023, the Company reported THB 3,853 million of shareholders' equity, an increase of THB 132 million from THB 3,721 million on 30 June 2023 from 1Q24 performance of THB 129 million.

Liquidity

As of 30 Sep 2023, the Company's cash, cash equivalent and short-term investment of THB 1,675 million decreased THB 52 million from 30 June 2023 due to:

- Cash provided by operating activity of THB 24 million, mainly contributed by Profit from operating activities before change in operating asset and liabilities of THB 261 million off-set with Inventory increased THB 174 million and Trade and other current receivables increased THB 51 million.
- Net Cash outflow from investment activities of THB 27 million from THB 20 million cash paid for property, plant and equipment and THB 10 million cash paid for other non-current financial assets.
- Net Cash outflow from financing activities was THB 52 million from payment of liabilities under finance lease agreements THB 45 million and financial cost THB 7 million.

Key Financial Ratios

Financial Ratios		For period ended	
		30 Sep 2023	30 Jun 2023
Liquidity Ratios			
Current Ratio*	times	3.7	3.8
Average Days Receivable	days	22	20
Average Days in Inventory	days	376	353
Average Days Payable	days	80	57
Cash cycle	days	318	316
Efficiency Ratios			
Return on Assets (Annualized)	%	15.3	15.7
Return on Equity (Annualized)	%	17.2	17.4
Leverage Ratios			
Debt to Equity Ratio	times	0.5	0.4

*Exclude Current portion of lease liabilities, Current Ratio were 5.4 and 5.6 times for 30 Sep 2023 and 30 Jun 2023, respectively.

Respectfully yours



Virach Seripanu

Director