

13 November 2023

Re: MD&A for the Three-Month and Nine-Month Period Ended 30 September 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 and nine-month periods ended 30 September 2023 as follows:

Consolidated Statement of Comprehensive Income	Million Baht							
	Q3 2023	Q2 2023	Q3 2022	Change		9M 2023	9M 2022	Change YoY
				QoQ	YoY			
Total revenues	191.87	158.36	160.68	33.51	31.19	500.55	601.15	(100.60)
Merchandise sales and service revenue	188.58	155.57	151.39	33.01	37.19	493.32	589.12	(95.80)
Cost of sales and service	92.86	67.85	69.79	25.01	23.07	221.03	314.39	(93.36)
Gross profit	95.72	87.71	81.60	8.01	14.12	272.29	274.73	(2.44)
Selling expenses and administrative expenses	79.43	79.12	83.76	0.31	(4.33)	240.83	241.74	(0.91)
EBIT	19.59	11.39	7.14	8.20	12.45	38.69	45.02	(6.33)
Profit for the period	10.39	2.64	(0.11)	7.75	10.50	13.82	14.90	(1.08)
EPS (THB)	0.008	0.0019	(0.0001)			0.01	0.0149	

Total revenues for the three-month periods ended 30 September 2023 and 2022 amounting to Baht 191.87 million and Baht 160.68 million, respectively. Total revenues for the nine-month periods ended 30 September 2023 and 2022 amounting to Baht 500.55 million and Baht 601.15 million, respectively. Sources of operating revenue are attributable as follows:

**Operating Performance Analysis for the Three-Month Period Ended 30 September 2023 and Three-Month Period Ended 30 June 2023 (QoQ)**

Total revenue for the three-month period ended 30 September 2023 increased by Baht 33.51 million from the three-month period ended 30 June 2023 due to the followings:

- Increase in merchandise sales revenue from stores and online channels due mainly from launching of promotion campaign and marketing activities
- Increase in project-based revenue due to continuous delivery of project-based works
- Increase in service revenue from the rental tenants with increased sales.

Cost of sales and service for the three-month period ended 30 September 2023 increased by Baht 25.01 million from the three-month period ended 30 June 2023 due mainly from increasing of sales revenues from project-based works and cost of service increased from increase in service revenue.

Gross profit for the three-month period ended 30 September 2023 increased by Baht 8.01 million from the three-month period ended 30 June 2023, in line with the increase in merchandise sales revenue.

Selling and distribution expenses consist of depreciation and amortization, employee expenses, promotional & marketing expenses, transportation expense and etc. Selling and distribution expenses for the three-month period ended 30 September 2023 amounting to Baht 45.35 million increased by Baht 1.47 million from the three-month period ended 30 June 2023 due mainly from increase in employee expenses, transportation expense and promotion expenses from various marketing campaigns and activities.

Administrative expenses are consisted of employee expenses, utilities, security and cleaning expenses, warehouse management expense, repair & maintenance expenses, depreciation and amortization. Administrative expenses for the three-month period ended 30 September 2023 amounting to Baht 34.08 million decreased by Baht 1.17 million from the three-month period ended 30 June 2023 due mainly to decrease in employee expenses from decrease in the number of employees but travelling expenses increased from business trips and factory visits as well as meeting with various manufacturers to purchase products for sale and increase in slow-moving stock reserves.

Finance cost for the three-month period ended 30 September 2023 amounting to Baht 6.41 million increased by Baht 0.24 million from the three-month period ended 30 June 2023 due mainly to increase in interest rate.

Net profit for the three-month period ended 30 September 2023 amounting to Baht 10.39 million increased by Baht 7.75 million from the three-month period ended 30 June 2023, due mainly to increased revenue and operating profit.

## **Operating Performance Analysis for the Three-Month Period Ended 30 September 2023 and Three-Month Period Ended 30 September 2022 (YoY)**

Total revenue for the three-month period ended 30 September 2023 increased by Baht 31.19 million from three-month period ended 30 September 2022 due to the followings:

- Increase in merchandise sales revenue from stores and online channels
- Increase in project-based revenue due to the number and value of project work delivered in each period.
- Increase in service revenue, rental revenue, utilities revenue from the rental tenants with increased sales and the addition of new tenants.

Cost of sales and service for the three-month period ended 30 September 2023 increased by Baht 23.07 million from three-month period ended 30 September 2022 which was in line with increasing of sales revenues.

Gross profit for the three-month period ended 30 September 2023 increased by Baht 14.12 million from three-month period ended 30 September 2022, in line with the increase in sales revenue.

Selling and distribution expenses for the three-month period ended 30 September 2023 amounting to Baht 45.35 million decreased by Baht 1.81 million from three-month period ended 30 September 2022 due mainly from marketing expenses decreased from build up its brand awareness to serve for initial public offering, which was one-time expense during 2022.

Administrative expenses for the three-month period ended 30 September 2023 amounting to Baht 34.08 million decreased by Baht 2.53 million from three-month period ended 30 September 2022 due mainly from increase in employee expenses from an increase in the number of employees and travelling expenses increased from business trips and factory visits as well as meeting with various manufacturers to purchase products for sale. Utilities cost decreased due to lower electricity cost from using Solar Roof and recognition for slow-moving stock reserves. Additionally, the Company amended land lease agreement - Udorn Thani, resulting to recognition for a difference from lease modification amounting to Baht 4.20 million, which was one-time expense in the second quarter of 2022.

Finance cost for the three-month period ended 30 September 2023 amounting to Baht 6.41 million decreased by Baht 1.74 million from three-month period ended 30 September 2022 due to loan repayments and rental payments during the period.

Net profit for the three-month period ended 30 September 2023 amounting to Baht 10.39 million increased by Baht 10.50 million from the three-month period ended 30 September 2022, due mainly to increase in sales revenues and decreased in expenses such as marketing expenses, utilities.

## **Performance Analysis for the Nine-Month Period Ended 30 September 2023 and Nine-Month Period Ended 30 September 2022 (YoY)**

Total revenue for the nine-month period ended 30 September 2023 decreased by Baht 100.60 million from the nine-month period ended 30 September 2022 due to the followings:

- Decrease in merchandise sales revenue from stores but increase in online sales. However, the Company has continued marketing campaign and activities to stimulate sales in stores and online.
- Decrease in project-based revenue due to the decrease in number and value of project work.
- Increase in service revenue, rental revenue, utilities revenue from the rental tenants with increased sales and the addition of new tenants.

Cost of sales and service during the nine-month period ended 30 September 2023 decreased by Baht 93.36 million from the nine-month period ended 30 September 2022 which was in line with decrease in sales revenue from project-based works.

Gross profit for the nine-month period ended 30 September 2023 decreased by Baht 2.44 million from the nine-month period ended 30 September 2022 due to decrease in sales revenue from project-based works.

Selling and distribution expenses for the nine-month period ended 30 September 2023 amounting to Baht 134.68 million decreased by Baht 0.24 million from the nine-month period ended 30 September 2022 due mainly to employee expenses increased from an increase in the number of employees. Promotion expenses decreased due to various marketing campaigns and activities in prior year and build up its brand awareness to serve for initial public offering. Turnover rental fee – Cambodia decreased from decreasing in rental fee rate.

Administrative expenses for the nine-month period ended 30 September 2023 amounting to Baht 106.15 million decreased by Baht 0.67 million from the nine-month period ended 30 September 2022 due to employee expenses increased from an increase in the number of employees but travelling expenses increased from business trips and factory visits as well as meeting with various manufacturers to purchase products for sale. Warehouse management expense decreased due to management by storing some products at the Pattaya branch warehouse to reduce the area occupied by DC to save some cost and recognition of slow-moving stock reserves.

Finance costs for the nine-month period ended 30 September 2023 amounting to Baht 19.92 million decreased by Baht 5.50 million from the nine-month period ended 30 September 2022 from loan repayments and rental payments during the period.

Net profit for the nine-month period ended 30 September 2023 amounting to Baht 13.82 million decreased by Baht 1.08 million from the nine-month period ended 30 September 2022, due mainly to decrease in sales revenue.

## Analysis of Consolidated Statement of Financial Position

Consolidated Statement of Financial Position	Consolidated Statement of Financial Position as at			
	30 September 2023	31 December 2022	Change	
	Million Baht	Million Baht	Million Baht	%
Total assets	1,645.30	1,703.41	(58.11)	(3.41)
Total liabilities	800.97	869.49	(68.52)	(7.88)
Total shareholders' equity	844.34	833.92	10.42	1.25

Total assets as at 30 September 2023 amounting to Baht 1,645.30 million, a decline by Baht 58.11 million from 31 December 2022 are mainly from:

- Cash and cash equivalents decreased by Baht 44.02 million are mainly from cash from operating activities and has invested in installation of Solar Rooftop to help save electricity and reducing carbon dioxide emissions. In addition, loans and lease payments were repaid and dividends were paid to shareholders.
- Trade and other receivables increased by Baht 24.99 million are mainly from cash received from retention receivables from project-based works and recognition of accrued income from installation work and delivered to customers during the period.
- Inventories decreased by Baht 18.34 million are mainly from inventories for sales at stores and inventories project-based works installed and delivered to customers in accordance with installation plan.
- Investment properties decreased by Baht 1.33 million resulting from renovation of store area to rent more space to tenants and amortization are recognized during the nine-month period.
- Building and equipment increased by Baht 2.64 million and intangible assets decreased by Baht 0.25 million came from installation of Solar Rooftop including store renovation, acquisition of office equipment and computer program and software and recognition of depreciation and amortization for the nine-month period amounting to Baht 43.36 million.
- Right-of-use assets decreased by Baht 24.86 million are mainly from lease of vehicles and recognition of amortization for the nine-month period amounting to Baht 26.97 million.

Total liabilities as at 30 September 2023 amounting to Baht 800.97 million decreased by Baht 68.53 million from 31 December 2022 are mainly from:

- Trade and other payables increased by Baht 43.34 million due to:
  - Trade and other payables and accrued expenses increased by Baht 21.53 million and Baht 9.06 million, respectively, are mainly from costs related to project-based works.
  - Deposits received from customers increased by Baht 14.81 million from retail stores and project-based works that will be installed and delivered in next quarters.
- The Company repaid short-term amounting to Baht 29.73 million and long-term loans amounting to Baht 72.78 million.
- Lease liabilities decreased by Baht 15.00 million from payments made for lease liabilities.

Total shareholders' equity as at 30 September 2023 amounting to Baht 844.34 million increased by Baht 10.41 million from 31 December 2022 are mainly from profit for the nine-month period of 2023 and offset with dividend payment to shareholders amounting to Baht 3.40 million.

Ms. Piyanuch Nakayodhin

Deputy Managing Director and Head of Accounting and Finance

Chic Republic Public Company Limited