

Miss Grand International Public Company Limited



Management Discussion
and Analysis (MD&A)
Year 2022

Summary of operating result in Year 2022

Unit: THB million

Operating result Year 2022	Y 2021	Y 2022	Change (%)
Total revenues	344.93	319.61	-7.34%
Gross profit	129.77	120.55	-7.10%
Net profit (loss)	29.01	47.85	64.94%
Gross profit margin	37.93%	38.26%	0.33%
Net profit (loss) margin	8.41%	14.97%	6.56%

Total revenues:

Miss Grand International Public Company Limited reported a total revenue of THB 319.61 million in the year 2022, experiencing a decrease of 7.34 percent compared to the year 2021. The primary reason behind this decline was the company's response to a period where consumer purchasing was reduced, coupled with increased competition. As a result, the company was able to sell fewer products in terms of quantity and lowering product prices.

Additionally, the company shifted its focus towards generating income from the Miss Grand beauty pageant business. Revenue from this segment, as well as from the media and entertainment business and artist management business, increased significantly. This strategic move was aimed at adapting to the changing consumer landscape and heightened market competition.

Furthermore, the company directed efforts towards enhancing its brand recognition through participation in and the popularity gained from the Miss Grand competition, which enjoyed widespread acclaim in the year 2022. This strategic alignment was in line with the company's goal to strengthen its commercial business in the future.

Gross profit and gross profit margin:

The company reported an initial profit of THB 120.55 million in the year 2022, reflecting a decrease of 7.10 percent from the year 2021, aligning with the proportional decrease in revenue.

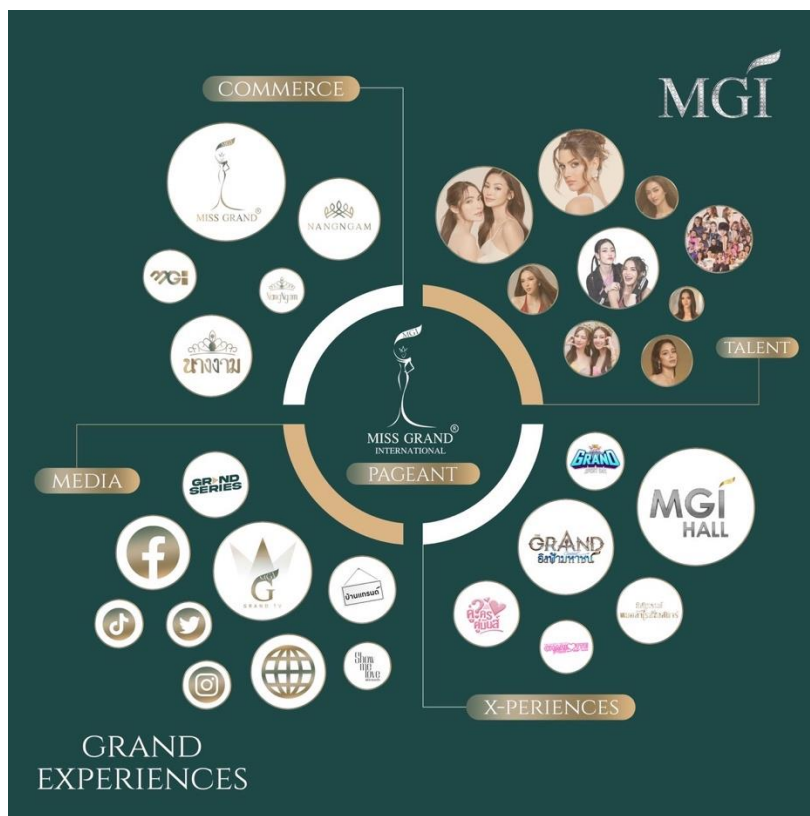
The company effectively managed its gross profit margin, achieving a rate of 38.26 percent in 2022, which was an increase from 37.93 percent in 2021. This improvement is attributed to the company's enhanced cost management in delivering services.

Net profit and net profit margin:

The company achieved a net profit of THB 47.85 million in the year 2022, representing a substantial increase of 64.94 percent compared to the year 2021. The significant improvement in profitability was primarily driven by the increased revenue from the Miss Grand beauty pageant business, the media and entertainment business, and the artist management business. Despite a decline in revenue from the commercial business, the company continued to effectively manage the net profit of the commercial business. The company achieved this by canceling high-cost television advertising expenses and shifting focus to online channels.

The net profit margin for the year 2022 stood at 14.97 percent, marking an increase from 8.41 percent in 2021. This improvement was attributed to the company's increased revenue from the sale of products and services, coupled with efficient management of sales and operational expenses.

Operational activities that occurred in year 2022





- The Miss Grand Thailand 2022 pageant featured a series of activities, including preliminary competitions held in Khon Kaen from April 4th to 20th, 2022. The national costume round took place on April 24th, 2022, followed by the preliminary round on April 27th, 2022. The final competition occurred on April 30th, 2022, at CHOW DC HALL in Bangkok.



- The Miss Grand International 2022 pageant took place on October 25, 2022, at the Sentul International Convention Center in West Java, Indonesia



- Mis Grand X, with its eloquence in artistry, Isaan vocals, celestial-themed concerts, Fanmeet across four regions, and the December Grand Festival, and more.



- The 'Mis Grand Curry' offers curry dishes for 20 baht. The restaurant opened on February 17, 2022, at 1201/31 Town in Town, Soi 2, Plubplla, Wang Thonglang, Bangkok.



- Miss Grand International (MGI) donated 'Fah Talai Jone' herbal products with the 'Miss Grand' brand to the Bangkok Metropolitan Administration's Health Department. The donation comprised 16,000 packages as part of the 'MGI Cares for Health' project, supported by Miss Grand International Co., Ltd. Mr. Navat Isarasakranee, the executive of Miss Grand International Co., Ltd., and Miss Chalot Austin, the 5th runner-up of Miss Grand Thailand 2022, presented the donation at the 10th-floor hall of the Thani Noppharat Building, Din Daeng District, Bangkok. The products will be distributed to 69 public health service centers for the benefit of the public.

Financial Analysis

Unit: THB million

Operating result Year 2022	Y 2022	Y 2021	Change (%)
Revenues from sales and services	342.17	315.09	-7.91%
Cost of sales and services	212.40	194.54	-8.41%
Gross profit	129.77	120.55	-7.10%
Other income – including finance income	2.93	4.76	62.46%
Selling expenses	63.29	23.53	-62.82%
Administrative expenses	32.85	41.58	26.58%
Finance expenses	0.08	0.04	-50.00%
Operating profit	36.48	60.16	64.91%
Income tax expenses	7.47	12.31	64.79%
Net profit (loss)	29.01	47.85	64.94%

Total revenues:

The Company has revenues from business operation which can be divided into 5 categories as follows:

1. Revenues from sales of products which can be divided into 2 groups, i.e.:
 - 1.1 Consumer product (non-edible): In year 2022 the revenues were THB 87.36 million decreased by 52.01 percent from year 2021

1.2 Consumer product (edible): In year 2022 the revenues were THB 24.32 million decreased by 70.81 percent from year 2021

Due to a decrease in both the quantity of products sold and a strategic reduction in product prices, the company has shifted its focus towards developing online sales channels instead of relying heavily on television sales. Despite the decrease in sales, the company has been able to significantly reduce advertising expenses. This reduction is attributed to the company's emphasis on online sales methods, which have proven to be a cost-effective alternative to traditional television advertising.

2. Revenues from media and x-periences business

The company generated revenue of THB 67.94 million from the media and x-periences business in the year 2022, marking a significant increase of 212.51 percent from the year 2021. This growth is attributed to the company's strategic focus on expanding its business in conjunction with the Miss Grand beauty pageant. Recognizing the popularity of beauty pageants, the company capitalized on this trend and was able to generate income through Engfa Mahachon The grand concerts, MGT x MORLAM , Fan Meetings, and more.

3. Revenues from talent businesses.

The company generated revenue of THB 63.09 million from the artist management business in the year 2022 ,representing a remarkable increase of 486.88 percent from the year 2021. The primary contributors to the company's substantial income in this segment were the artists, namely Miss Engfa Waraha and Miss Charlotte Austin.

4. Revenues from beauty pageant business

In the year 2022, the company generated revenue of THB 71.66 million Baht from the Miss Grand beauty pageant business, marking a significant increase of 69.57 percent compared to the year 2021. This growth can be attributed to higher revenue from sponsors and increased income from licensing rights compared to the previous year.

Unit: THB million

Revenues by businesses	Y 2564	Y 2565	Change (%)
Consumer product (non-edible)	182.05	87.36	-52.01%
Consumer product (edible)	83.33	24.32	-70.81%
Revenues from media and x-periences			
- Revenues from media and x-periences	21.74	67.94	212.51%
- Revenues from artist management	10.75	63.09	486.88%
Revenues from contest	42.26	71.66	0.00%
Other incomes			
- Income from other services	2.04	0.72	0.00%
Other incomes – exluding finance income	2.76	4.52	63.77%
Total revenues	344.93	319.61	-7.34%

Selling expenses:

In the year 2022, the company incurred distribution expenses amounting to THB 23.53 million, representing a decrease of 62.82 percent. This reduction is attributed to a decline in advertising expenses on television channels. The company decided to cancel the use of television advertising due to the current lower return on investment in product sales compared to the associated costs.

Administrative expenses:

In the year 2022, the company had management expenses totaling THB 41.58 million, representing an increase of 26.58 percent compared to the year 2564. This increase is attributed to expenses related to personnel, as there was an expansion of staff in various departments to accommodate increased workload and operational demands.

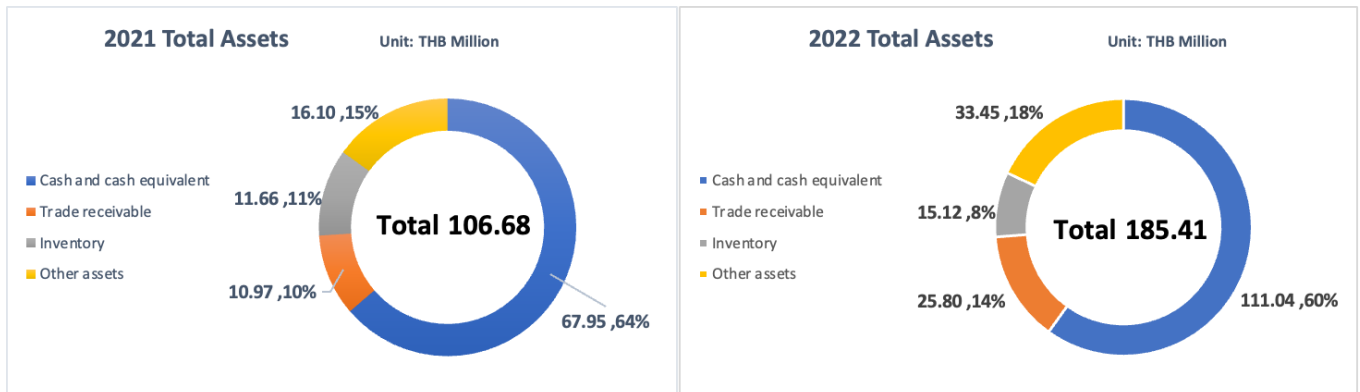
Finance incomes and finance expenses:

The Company's finance income is came from interest of deposit only. In this regard, the Company operates its business with its own capital. The Company records interest from finance agreement in accordance with TFRS16. The Company does not have loan and interest burden and has no effect on substance of the financial statements.

Net profit and net profit margin:

In the year 2021 ,the company achieved a net profit of THB 47.85 million ,marking an increase of 64.94 percent from the year 2022. This growth was driven by an increase in service revenue. The company's effective management of costs and expenses related to sales and operations contributed to the higher profit margin, resulting in an overall higher net profit.

Analysis of the Company's financial position



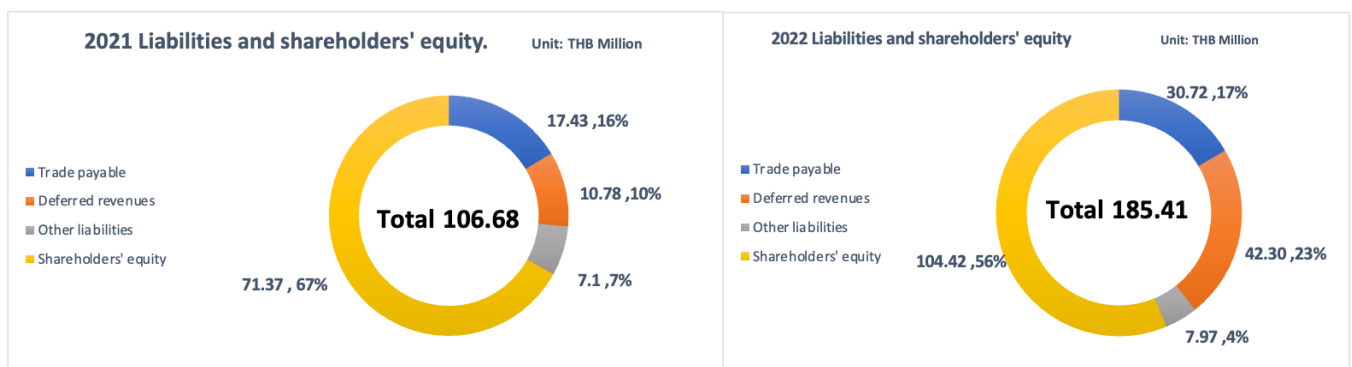
Assets:

In the year 2022, the company's total assets amounted to THB 185.41 million ,reflecting an increase of 78.73 million Baht or 73.80 percent compared to the end of 2021. The changes in assets, including increases and decreases, are as follows:

1. Cash and Cash Equivalent increased by THB 43.09 million ,driven by the company's business operations.
2. Accounts Receivable increased by THB 14.83 million ,due to the higher volume of sales in the media and entertainment business and the artist management business.

3. Inventory The increase in inventory by THB 3.46 million Baht is attributed to the company's strategy of expanding its product range to offer a more diverse selection, including products such as " Anchovy Fish Sauce by Engfa" and "Collagen by Engfa." Additionally, in the year 2022, the company experienced a slower sales turnover in the commercial business compared to the year 2021.

4. Other Assets increased by THB 17.35 million .This increase is attributed to expenses related to the production of the series "Show me love" and the acquisition of assets such as cars for competition winners and office equipment, including computers.



Liabilities:

In the year 2022, the company's total liabilities amounted to THB 80.99 million ,showing an increase of THB 45.68 million or 129.37 percent compared to the period ending on December 31, 2021. The changes in liabilities, including increases and decreases, are as follows:

1. Accounts Payable and Other Payables increased by THB 13.28 million. This increase is attributed to the company's Grand Festival activities in December, leading to higher trade payables.

2. Deferred revenues Increased by THB 31.52 million. This increase is due to advance payments received for the copyrights of the Miss Grand competition and sponsorship support from Miss Grand sponsors. The company also received advance payments from the artist management business.

3. Other liabilities did not change significantly.

Shareholders' equity:

In the year 2022, the Company's shareholders equity was THB 104.42 million, increased by THB 33.05 million, or equivalent to 46.31 percent from the period ended 31 December 2021. The increase in shareholders' equity was due to the Company's profit from operation.

Analysis of the Company's cash flow

Unit: THB million

Statement of cash flow	Y 2021	Y2022
Net cash flow from (used in) operating activities	56.89	65.03
Net cash flow from (used in) investing activities	-5.42	-6.17
Net cash flow from (used in) financing activities	-31.20	-15.77
Net increase (decrease) in cash flow	20.27	43.09

Net cash flow:

In the year 2022, the Company's cash flow increased by THB 43.09 million due to business operation after deducting for all investing and financing of the Company.

Cash flow from operating activities:

In the year 2022, the Company had cash flow from operating activities in an amount of THB 65.03 million due to the Company had profit from operation before change in operating assets and liabilities of THB 64.62 million and the Company also had deferred revenues which result in net cash to the Company of THB 31.52 million.

Cash flow from investing activities:

In the year 2022, the Company had cash flow used in investing activities in an amount of THB 6.17 million. This expenditure was related to the purchase of office equipment and vehicles, totaling THB 4.67 million. The purpose of these investments was to accommodate the increased number of employees and acquire vehicles for the transportation of executives and artists.

Cash flow from financing activities:

In the year 2022, the Company had cash flow used in financing activities in an amount of THB 15.77 million. This expenditure was attributed to the payment of dividends amounting to THB 40.00 million. The company received additional registered capital of THB 25.00 million.

Analysis of key financial ratio

Key financial ratio	Unit	Y 2021	Y 2022
Current ratio	Times	3.04	2.26
Debt to equity ratio	Times	0.49	0.78
Interest bearing debt to equity ratio	Times	0.02	0.01
Cash Cycle	Days	11	1

In the year 2022, The Company has current ratio, debt to equity ratio, and interest bearing debt to equity ratio of 2.26 times, 0.78 times, and 0.01 times, respectively. The Company manages assets well and has more cash, while the Company also has more deferred revenues. Therefore, the liquidity ratios of the Company decrease when compared to 2021. However, the Company does not have any interest bearing debt.

In the year 2022, the Company's cash cycle was shorten to 1 days as the Company emphasized on efficient debt collection. Thus, the cash cycle decreased from 2021.