

Miss Grand International Public Company Limited



Management Discussion and Analysis (MD&A)

Q3/2023

Summary of operating result in quarter 3 of 2023

Unit: THB million

Operating result Q3/2023	Q3 2022	Q3 2023	Change (%)	9M 2022	9M 2023	Change (%)
Total revenues	74.84	136.85	82.86%	221.77	432.06	94.82%
Gross profit	31.84	63.98	100.94%	89.22	184.17	106.42%
Net profit (loss)	11.78	25.03	112.48%	36.59	77.13	110.80%
Gross profit margin	43.50%	47.19%	3.69%	40.80%	42.94%	2.14%
Net profit (loss) margin	15.74%	18.29%	2.55%	16.50%	17.85%	1.35%

Total revenues:

- Miss Grand International Public Company Limited (the “Company”) recorded total revenues of THB 136.85 million and THB 432.06 million in quarter 3 of 2023 and the first nine-month period of 2023, increased by 82.86 percent and 94.82 percent from quarter 3 of 2022 and the first nine-month period of 2022, respectively. This was due to growth in all businesses of the Company, including revenues from commerce, revenues from contest, revenues from artist, revenues from media and entertainment, as the Company gained more popularity and received well response in every business activities than last year.

Gross profit and gross profit margin:

- The Company recorded gross profit of THB 63.98 million and THB 184.17 million in quarter 3 of 2023 and the first nine-month period of 2023, increased by 100.94 percent and 106.42 percent from quarter 3 of 2022 and the first nine-month period of 2022, respectively, which is align with an increase in revenues
- The Company still maintained gross profit margin well. In quarter 3 of 2023, the Company had gross profit margin of 47.19 percent, increased from 43.50 percent in quarter 3 of 2022. In the nine-month period of 2023, the Company had gross profit margin of 42.94 percent, increased from 40.80 percent in the nine-month period of 2022. This was due to better cost management and introduction of new products that drive gross profit higher.

Net profit and net profit margin:

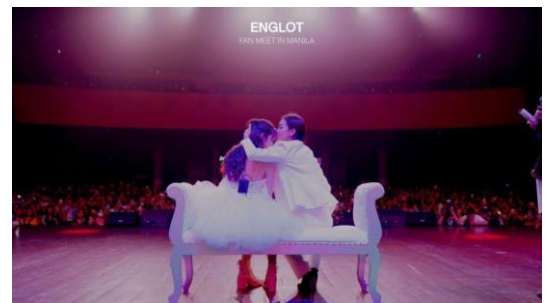
- The Company recorded net profit of THB 25.03 million and THB 77.13 million in quarter 3 of 2023 and the first nine-month period of 2023, increased by 112.48 percent and 110.80 percent from quarter 3 of 2022 and the first nine-month period of 2022, respectively. This was due to growth in the Company's commerce business from organizing activity for Miss Grand contestant to sell the Company's products through new channel, TikTok. As a result, the agents who sell products on the TikTok Shop Platform saw that the Company's products were easy to sell and could actually be sold. Therefore, said agents pulled out significant amount of products from the Company's basket to sell. The Company received well response from sales of products. In addition, the media and x-periences business and talent business was grown when compared to the first nine-month period of 2022. At present, the artists from Miss Grand Thailand 2023 are still popular, e.g. Aoom Thaweeporn Phingchamrat, Meena Rina Chatamonchai, Snack Ajcharee Srisuk, and Pailiu Kamonwarai Prajakrattanukul etc. In addition, the popularity of Engfa Waraha and Charlotte Austin still continue.

- In quarter 3 of 2023, the Company had net profit margin of 18.29 percent, increased from 15.74 percent in quarter 3 of 2022. In the nine-month period of 2023, the Company had net profit margin of 17.85 percent, increased from 16.50 percent in the nine-month period of 2022. This was due to the Company had more revenues from sales and services, and well and efficient management of selling and administrative expenses

Activities in quarter 3 of 2023



- Fanmeet MGT 2023 in the Southern Region. This activity was held on 21 July 2023 at Phuket. There are 11 artists who won an award and crown from Miss Grand Thailand 2023. The activity has an objective to build relationship between the Company's artist and fanclub.



- Fanmeet Englot in Manila. This activity was held on 23 July 2023 at Philippines. Engfa Waraha and Charlotte Austin were invited to conduct activity with fanclub in Philippines, e.g., singing, signing signature, and taking a photo together.



- Press conference on the 12th anniversary of Thailand number one contest, Miss Grand Thailand 2024, held on 27 July 2023 at MGI Hall. After the press conference, the Company arranged mini concert T-POP with artists, Engfa, Charlotte, Aoom, Mena, Snack, and Pailiu, participate in singing and became the Company's first Girl Group.



- The Company participated in the National Mother Day Activity on 12 August 2023 with the National Council on Social Welfare of Thailand under the Royal Patronage, by delivering 1,400 hemp soaps with "Miss Grand" brand to participants of National Mother Day Activity.



- Engfa Mahachon 2 Concert, held at MGI Hall on 20 August 2023. The main artist was Engfa Waraha with 2 guests, i.e., Charlotte Austin and Snack Ajcharee Srisuk. This concert was the Company's largest concert in 2023 with well response from fanclub of the Company's artist. There are Thai and foreign people came to watch at MGI Hall and watched via online channel. In addition, this was the concert in which the tickets are sold out in the first selling date.



- Fanmeet MGT 2023 in the Northeastern Region. This activity was held on 9 September 2023 at Udonthani. There are 11 artists who won an award and crown from Miss Grand Thailand 2023. The activity has an objective to build relationship between the Company's artist and fanclub.

Financial analysis

Unit: THB million

Operating result Q3/2023	Q3 2022	Q3 2023	Change (%)	9M 2022	9M 2023	Change (%)
Revenues from sales and services	73.18	135.57	85.26%	218.68	428.93	96.15%
Cost of sales and services	41.35	71.59	73.13%	129.45	244.76	89.08%
Gross profit	31.84	63.98	100.94%	89.22	184.17	106.42%
Other income – including finance income	1.76	1.46	(17.05%)	3.32	3.51	5.72%
Selling expenses	8.58	17.35	102.21%	17.99	44.52	147.47%
Administrative expenses	10.38	16.50	58.96%	28.81	46.16	60.22%
Share of loss from investment in joint venture	0.00	0.10	100.00%	0.00	0.21	100.00%
Finance expenses	0.00	0.00	0.00%	0.00	0.00	0.00%
Operating profit	14.63	31.49	115.24%	45.75	96.79	111.56%
Income tax expenses	2.85	6.46	126.67%	9.16	19.66	114.63%
Net profit (loss)	11.78	25.03	112.48%	36.59	77.13	110.80%

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 quarter 3 of 2023 and the first nine-month period of 2023, the revenues were THB 44.20 million and THB 88.20 million, increased by 163.72 percent and 36.28 percent from quarter 3 of 2022 and the first nine-month period of 2022, respectively.

1.2 Consumer product (edible): In quarter 3 of 2023 and the first nine-month period of 2023, the revenues were THB 15.57 million and THB 88.26 million, increased by 188.87 percent and 335.42 percent from quarter 3 of 2022 and the first nine-month period of 2022, respectively.

The Company revenues from sales of products were increased due to the Company has organized activity for Miss Grand Thailand 2023 (MGT2023) to compete on selling of the Company's products through platform channel, TikTok, during 28 February 2023 to 29 April 2023. The Company continues to organize activities to sell products through TikTok, e.g., competition among the Company's artists to sell products and selling products at special price in activities. Such activities result in increase of revenues.

2. Revenues from media and xperiences business

The Company recorded revenues from media and xperiences business in an amount of THB 32.84 million and THB 82.08 million in quarter 3 of 2023 and the first nine-month period of 2023, increased by 7.78 percent and 98.55 percent from quarter 3 of 2022 and the first nine-month period of 2022, respectively. This was due to the Company continued to organize activities since beginning of 2023, i.e., Concert "Charlotte Por Mun Pen Pai Dai", Show Me Love Series, Engfa Birthday Party, Fan Meeting MGT 2023, Concert "Englot" at the United State of America, Concert "Engfa Mahachon 2", and Concert "Ku Krai Ku Muns", etc.

3. Revenues from talent business

The Company recorded revenues from talent business in an amount of THB 36.82 million and THB 99.98 million in quarter 3 of 2023 and the first nine-month period of 2023, increased by 79.43 percent and 147.97 percent from quarter 3 of 2022 and the first nine-month period of 2022, respectively. Most of the revenues came from the Company's artists, e.g., Miss Engfa Waraha, Miss Charlotte Austin, Miss Thaweeporn Phingchamrat, Miss Rina Chatamonchai, Miss Ajcharee Srisuk, and Miss Kamonwarai Prajakrattanakul etc. In this regard, the Company's artists are difference and is popular among the Company Group with regard to worthiness, therefore, the revenues from talent business were grown.

4. Revenues from contest business

The Company recorded revenues from Miss Grand beauty pageant business in an amount of THB 54.63 million in the first nine-month period of 2023, increased by 6.12 percent from the the first nine-month period of 2022. This was due to the Company had higher revenues from sponsor and license fee than 2022.

5. Revenues from sub-lease of MGI Hall business

The Company recorded revenues from sub-lease in an amount of THB 15.18 million in the first nine-month period of 2023. The Company did not have revenues from sub-lease of MGI Hall in 2022. Before the Company entered to lease agreement to lease such building, the Company had ever lease space of Show DC Department Store to organize Miss Grand Thailand beauty pageant (MGT), e.g., MGT2022 etc., but such lease term was one-time lease with rental rate of THB 12.85 million. However, even the lease term, which is one year, cause the Company's expenses to increase, but the Company will be able to generate revenues from sub-lease to other person.

Unit: THB million

Revenues by businesses	Q3 2022	Q3 2023	Change	9M	9M	Change
			(%)	2022	2023	(%)
Consumer product (non-edible)	16.76	44.20	163.72%	64.72	88.20	36.28%
Consumer product (edible)	5.39	15.57	188.87%	20.27	88.26	335.42%
Revenues from media and x- periences						
- Revenues from media and x- periences	30.47	32.84	7.78%	41.34	82.08	98.55%
- Revenues from artist management	20.52	36.82	79.43%	40.32	99.98	147.97%
Revenues from contest	0.00	0.00	0.00%	51.48	54.63	6.12%
Other incomes						
- Revenues from sub-lease of MGI Hall	0.00	6.04	100.00%	0.00	15.18	100.00%
- Income from other services	0.04	0.10	0.00%	0.55	0.60	9.09%
Other incomes – excluding finance income	1.66	1.28	-22.89%	3.09	3.13	1.29%
Total revenues	74.84	136.85	82.86%	221.77	432.06	94.82%

Selling expenses:

The Company recorded selling expenses in an amount of THB 17.35 million and 44.52 million in quarter 3 of 2023 and the first nine-month period of 2023, increased by 102.21 percent and 147.47 percent from quarter 3 of 2022 and the first nine-month period of 2022, respectively. This was mainly due to advertising expenses and platform fee. The main item was platform fee incurred from using service of TikTok as the distribution channel. The Company recorded expenses relating to advertising expenses and platform fee in an amount of THB 29.97 million in the first nine-month period of 2023, increased from the first nine-month period of 2022 which had advertising expenses of THB 2.08 million, due to well response from selling products through Tiktok Shop. This caused the Company to have higher selling expenses in relation to Tiktok Shop, aligning with an increase in revenues.

Administrative expenses:

The Company recorded administrative expenses in an amount of THB 16.50 million and 46.16 million in quarter 3 of 2023 and the first nine-month period of 2023, increased by 58.96 percent and 60.22 percent from quarter 3 of 2022 and the first nine-month period of 2022, respectively. This was due to employee expenses in which the number of employees in each department was increased to align with an increase in work, as well as advisor fee in relation to legal and other matters to allow the Company to achieve planned objective.

Share of loss from joint venture:

The Company has jointly invested with Karmarts Public Company Limited by establishing KMG I Company Limited (the “Joint Venture Company”). The Joint Venture Company has operated and started to sell products in September 2023. In this regard, the operating result after deducting for relating cost and expenses, result in loss. In the first nine-month period of 2023, the share of loss from joint venture was THB 0.21 million.

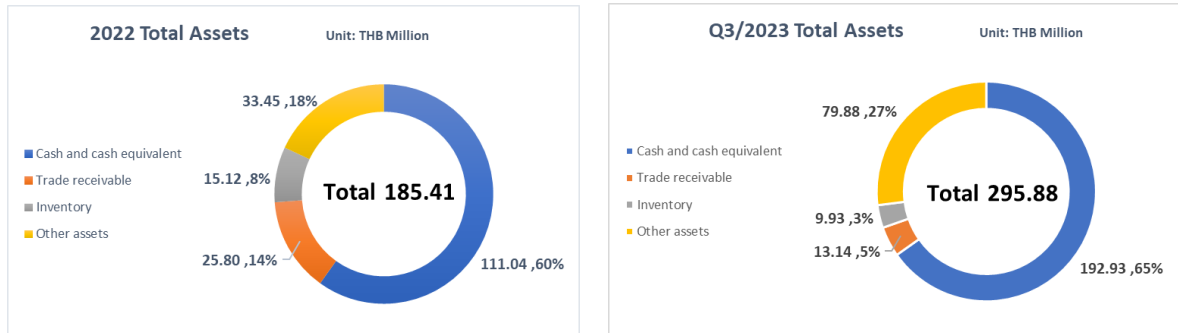
Finance incomes and finance expenses:

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:

The Company recorded net profit in an amount of THB 25.03 million and THB 77.13 million, in quarter 3 of 2023 and the first nine-month period of 2023, increased by 112.48 percent and 110.80 percent from quarter 3 of 2022 and the first nine-month period of 2022. This was due to increase in revenues from sales and services which subsequently caused higher net profit and net profit margin as the Company could manage costs, selling expenses, and administrative expenses efficiently.

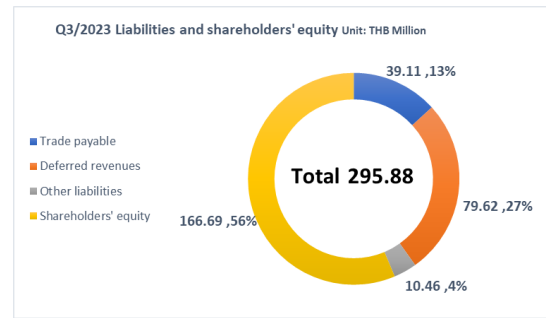
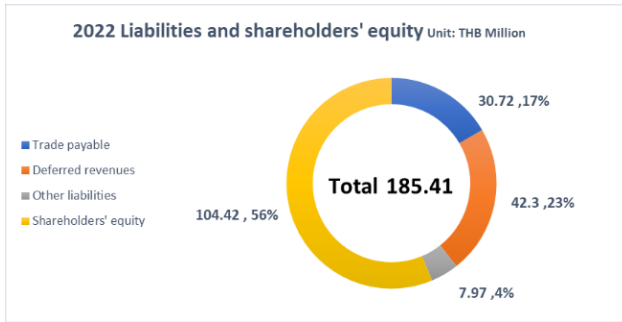
Analysis of the Company's financial position



Assets:

In quarter 3 of 2023, the Company's total assets were THB 295.88 million, increased by THB 110.47 million, or equivalent to 59.58 percent from end of 2022. The details on increase and decrease of assets are as follows:

1. Cash and cash equivalent increased by THB 81.89 million due to the Company's business operation.
2. Trade receivable decreased by THB 12.66 million as the Company manages trade receivable more efficiency, e.g., the Company requested some customers in media and xperiences business and talent business whom delay their payment to settle their unpaid amount.
3. Inventory decreased by THB 5.19 million as the Company could manage inventory more efficiently, e.g., organize campaign to sell collagen Engfa which result in decrease in inventory relating to collagen Engfa.
4. Other assets increased by THB 46.43 million as the Company paid deposit for new office building of THB 30 million and purchased assets to use in its operation, e.g., car for the winner of contest, production cameras, office equipments, and computers etc.



Liabilities:

In quarter 3 of 2023, the Company's total liabilities were THB 129.19 million, increased by THB 48.20 million, or equivalent to 59.51 percent from the period ended 31 December 2022. The increase and decrease in revenues are as follows:

1. Trade and other payable did not change significantly when compared to as of 31 December 2022.
2. Deferred revenues increased by THB 34.32 million, as the Company received more confidence from customers, so the Company received advance for license fee both MGT and MGI, sponsor for contests and events, and artist management fee. Therefore, the deferred revenues increased significantly from the period ended 31 December 2023.
3. Other liabilities did not change significantly.

Shareholders' equity:

In quarter 3 of 2023, the Company's shareholders equity was THB 166.69 million, increased by THB 62.27 million, or equivalent to 59.63 percent from the period ended 31 December 2022. 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 2022	First 9 Month of 2023
Net cash flow from (used in) operating activities	65.03	143.33
Net cash flow from (used in) investing activities	(6.17)	(45.85)
Net cash flow from (used in) financing activities	(15.77)	(15.59)
Net increase (decrease) in cash flow	43.09	81.89

Net cash flow:

In the first nine-month period of 2023, the Company's cash flow increased by THB 81.89 million due to business operation after deducting for all investing and financing of the Company.

Cash flow from operating activities:

In the first nine-month period of 2023, the Company had cash flow from operating activities in an amount of THB 143.33 million due to the Company had profit from operation before change in operating assets and liabilities of THB 111.37 million and the Company also had deferred revenues which result in net cash to the Company of THB 37.32 million.

Cash flow from investing activities:

In the first nine-month period of 2023, the Company had cash flow used in investing activities in an amount of THB 45.85 million due to the Company paid deposit for land and building of new office in an amount of THB 30.00 million, purchased new equipments to use in MGI Hall and office equipments for new staff at MGI Hall in an amount of THB 6.07 million, and investment in joint venture in an amount of THB 5.00 million.

Cash flow from financing activities:

In the first nine-month period of 2023, the Company had cash flow used in financing activities in an amount of THB 15.59 million due to the Company paid dividend to shareholders in an amount of THB 15.00 million on 10 April 2023.

Analysis of key financial ratio

Key financial ratio	Unit	Y 2022	First 9 Month of 2023
Current ratio	Times	2.26	1.95
Debt to equity ratio	Times	0.78	0.77
Interest bearing debt to equity ratio	Times	0.01	<0.01
Cash Cycle	Days	1	(13)

The Company has current ratio, debt to equity ratio, and interest bearing debt to equity ratio of 1.95 times, 0.77 times, and less than 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 2022. However, the Company does not have any interest bearing debt.

For the first nine-month period of 2023, the Company's debt collection period decreased from 21 days to 12 days. Therefore, the Company's cash cycle was shorten to (13) days as the Company emphasized on efficient debt collection. Thus, the cash cycle decreased from 2022.