

## Management Discussion and Analysis

for the operation results of the second quarter of fiscal year 2023 (1 Oct 2023 – 31 Dec 2023)

MC Group Public Company Limited and its subsidiaries (“the Company”) summarized the operating results for the second quarter of fiscal year 2024 (1 Oct 2023 – 31 Dec 2023) and for the 6-month period of the fiscal year 2024 (1 July 2023 - 31 December 2023) details as follows:

### Overall Economic and Industry Overview

In the second quarter of fiscal year 2024 (1 Oct - 30 Dec 2023), Consumer Confidence Index slightly dropped to 54.8 compared to 55.7 in Sep 2023 as a result of the Thai economy recovering not as expected. Including concern over the war situation between Russia and Ukraine. Battle between Israel and Hamas that may prolong and escalate. However, government measures to stimulate the economy such as the project to reduce electricity prices and reduce the price of both diesel and gasoline. Including the opening of free visas to tourists from China, Kazakhstan, India and Taiwan. It will help better recover in Thai economy.

### Overall Performance for Q2'24 and 6-month period of FY2024

Unit: THB million	Oct-Dec23	Oct-Dec22	Change	6 Month Period		Change
				Jul-Dec23	Jul-Dec22	
Sales Revenue	1,302	1,117	16.6%	2,184	1,876	16.4%
Gross Profit	834	728	14.5%	1,415	1,219	16.1%
Gross Profit Margin	64.0%	65.2%	-1.2%	64.8%	65.0%	-0.2%
SG&A	487	419	16.0%	914	769	18.8%
%SG&A	37.4%	37.6%	-0.2%	41.8%	41.0%	0.9%
Other Revenue	15	2	523.0%	29	12	147.7%
EBITDA	570	406	40.5%	839	649	29.1%
%EBITDA	43.3%	36.3%	7.0%	37.9%	34.4%	3.5%
NPAT	283	246	14.8%	412	362	13.8%
%NPAT	21.5%	22.0%	-0.5%	18.6%	19.2%	-0.6%

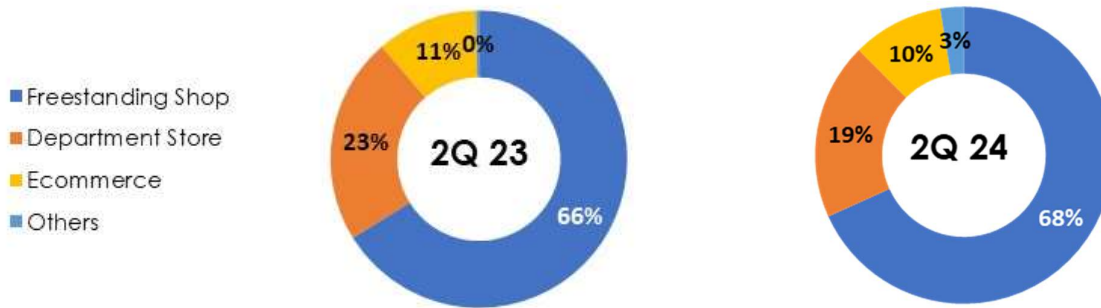
### Revenue

In the second quarter of FY2024, The company reported sales revenue of THB 1,302 million increased THB 186 million or 16.6% YoY. The improvement contributes from both offline and online channels, due to government resolutions to stimulate consumption and continued expansion in offline channel.

For 6-month period of FY2024, The company reported sales revenue of THB 2,184 million increased THB 308 million or 16.4% YoY. The improvement contributes from growth in offline channel from government resolutions to stimulate consumption and continued expansion in offline channel also continuing growth from online channel.

# MC GROUP

## Revenue break down by channel



In the second quarter of fiscal year 2024 revenue breakdown by channels consisted of revenue from free-standing shop 68%, Department stores 19%, E-commerce 10% and other channels 3%.

### ■ Freestanding Shop

Sales revenue from freestanding shop in 2Q24 was THB 889 million increased THB 150 million or +20.3% YoY. From volume recovered and continued expansion.

For the 6-month period was THB 1,474 million increased by THB 243 million or +19.8% YoY from sales volume and store expansion.



### ■ Department Store

Sales revenue from Department Stores in 2Q24 period was THB 251 million decreased THB 1 million or -0.2% YoY.

For the 6-month period was THB 421 million decreased by THB 4 million or -1.0% YoY.



### ■ E-commerce

Sales revenue from E-commerce in 2Q24 was THB 129 million increased THB 41 million or +46.7% YoY.

For the 6-month period was THB 229 million increased by THB 76 million or +49.8% YoY.



# MC GROUP

As of 31 Dec 2023 and 30 Jun 2023, the Company had a total of 570 and 555 point of sales respectively details as follows

By Distribution Channel	Apparel and Lifestyle Products under "MC Group"		
	31 Dec 2023	30 Jun 2023	Increase (+) / Decrease (-) from end FY2023
Free-standing Shop	417	403	+14
Modern Trade	138	137	+1
Mobile Unit	6	6	-
<b>Total POS (domestic)</b>	<b>561</b>	<b>546</b>	<b>+15</b>
International Markets	9	9	-
<b>Total</b>	<b>570</b>	<b>555</b>	<b>+15</b>

## Gross Profit

For the second quarter of FY2024, the company's gross profit was THB 834 million increased THB 106 million or 14.5% YoY from higher sales, gross profit margin decreased from 65.2% to 64.0% in the same period last year due to sales promotion to drive sales.

For 6-month period of FY2024, the company's gross profit was THB 1,415 million increased THB 197 million or 16.1% YoY from higher sales but gross profit margin slightly decrease from 65.0% to 64.8% in the same period last year.

## Selling, General and Administrative Expenses (SG&A)

For the second quarter of FY2024, SG&A was THB 487 million increased THB 67 million or 16.0% YoY result from spending to reach higher sales and continuing expansion in point of sales, SG&A to sales change from 37.6% previous year to 37.4% from higher sales.

For 6-month period of FY2024, SG&A was THB 914 million increased THB 145 million or 18.8% YoY result from higher sales and expansion in point of sales, SG&A to sales change from 41.0% previous year to 41.8% from higher sales, expansion in point of sales and impact from loss on impairment in Q1 FY24.

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

EBITDA for the second quarter of FY2024 was THB 570 million increased THB 164 million or 40.5%. EBITDA margin was 43.3% compared to 36.3% in the previous year.

EBITDA for 6-month period of FY2024 was THB 839 million increased THB 189 million or 29.1%. EBITDA margin was 37.9% compared to 34.4% in the previous year.

# MC GROUP

## Net Profit

For the second quarter of FY2024, the company reported net profit THB 283 million increased THB 37 million or 14.8%. Net profit margin was 21.5% slightly lower 22.0% in the previous year.

For 6-month period of FY2024, net profit was THB 412 million increased THB 50 million or 13.8%. Net profit margin was 18.6% compared to 19.2% in the previous year.

## Financial Position Analysis

### Statement of Financial Position

(THB million)	31 Dec 2023	30 Jun 2023	% Change
Cash and short-term investments	1,719	1,727	0%
Account receivables	358	203	77%
Inventory	1,418	1,294	10%
Right-of-use assets	1,182	974	21%
Other assets	1,184	1,173	1%
<b>Total Assets</b>	<b>5,861</b>	<b>5,371</b>	<b>9%</b>
Account payables	308	233	32%
Interest-bearing liabilities	0	0	0%
Lease liabilities	1,197	984	22%
Other liabilities	510	434	18%
<b>Total Liabilities</b>	<b>2,014</b>	<b>1,650</b>	<b>22%</b>
Equity attributable to the firm	3,845	3,719	3%
Non-controlling interest	2	2	-17%
<b>Shareholders' Equity</b>	<b>3,847</b>	<b>3,721</b>	<b>3%</b>

## Assets

As of 31 Dec 2023, the Company reported total assets of THB 5,861 million, increased 9% or THB 490 million from period 30 June 2023 mainly comprised:

- Inventories increased THB 124 million from THB 1,294 million on 30 June 2023 to THB 1,418 million on 31 Dec 2023 to prepared on next quarter sales.
- Account receivables increased THB 156 million from THB 203 million on 30 June 2023 to THB 358 million 31 Dec 2023 due to high season sales in second quarter of fiscal year.
- Right-of-use assets increased THB 208 million from THB 974 million on 30 June 2023 to 1,182 million on 31 Dec 2023 from expansion and extension of store.

## Liabilities

As of 31 Dec 2023, total liabilities were THB 2,014 million compared to THB 1,650 million on 30 June 2023, an increase of THB 364 million contributed from THB 213 million increase of Lease liabilities, THB 75 million increase of Account Payables, THB 51 million increase of corporate income tax payable and THB 23 million increase of other current liabilities.

# MC GROUP

## Shareholders' Equity

As of 31 Dec 2023, the Company reported THB 3,847 million of shareholders' equity, an increase of THB 125 million from THB 3,721 million on 30 June 2023 from H1 FY24 performance of THB 412 million offset with dividend paid of THB 285 million.

## Liquidity

As of 31 Dec 2023, the Company's cash, cash equivalent and short-term investment of THB 1,719 million decreased THB 8 million from 30 June 2023 due to:

- Cash provided by operating activity after corporate income tax of THB 412 million which mainly contributed from Profit from operating activities before changes in operating assets and liabilities THB 729 million off-set with Trade and other current receivables increased THB 157 million and Inventory increased THB 122 million.
- Net Cash outflow from investment activities of THB 65 million from THB 51 million cash paid for property, plant and equipment and THB 17 million cash paid for other non-current financial assets.
- Net Cash outflow from financing activities was THB 364 million from dividend payment THB 285 million of liabilities under finance lease agreements THB 62 million and financial cost THB 17 million.

## Key Financial Ratios

Financial Ratios		For period ended	
		31 Dec 2023	30 Jun 2023
<u>Liquidity Ratios</u>			
Current Ratio*	times	3.4	3.8
Average Days Receivable	days	31	20
Average Days in Inventory	days	348	353
Average Days Payable	days	95	57
Cash cycle	days	294	316
<u>Efficiency Ratios</u>			
Return on Assets (Annualized)	%	15.5	15.7
Return on Equity (Annualized)	%	18.1	17.4
<u>Leverage Ratios</u>			
Debt to Equity Ratio	times	0.5	0.4

\*Exclude Current portion of lease liabilities, Current Ratio were 4.8 and 5.6 times for 31 Dec 2023 and 30 Jun 2023, respectively.

Respectfully yours



Virach Seripanu

Director