

Date 23 February 2024

Subject Discussion and Analysis of the Company's Performance for the 2023 Financial Statements

To President

The Stock Exchange of Thailand

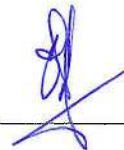
Enclosures Management Discussion and Analysis of the Company's Performance for the 2023 Financial Statements

Tanachira Retail Corporation Public Company Limited (the "Company") would like to submit the 2023 financial statements for the year ended 31 December 2023 which were audited by certified public accountants to the Stock Exchange of Thailand.

The Company's operating results for the financial statements of 2023 reported a net profit of 166.8 million Baht, which the Company would like to explain the reasons for the results in 2023 as detailed in the attached document.

Please be informed accordingly.

Respectfully yours,



Mrs. Chidchanok Jangpol

Chief Financial Officer

Tanachira Retail Corporation Public Company Limited

TANACHIRA

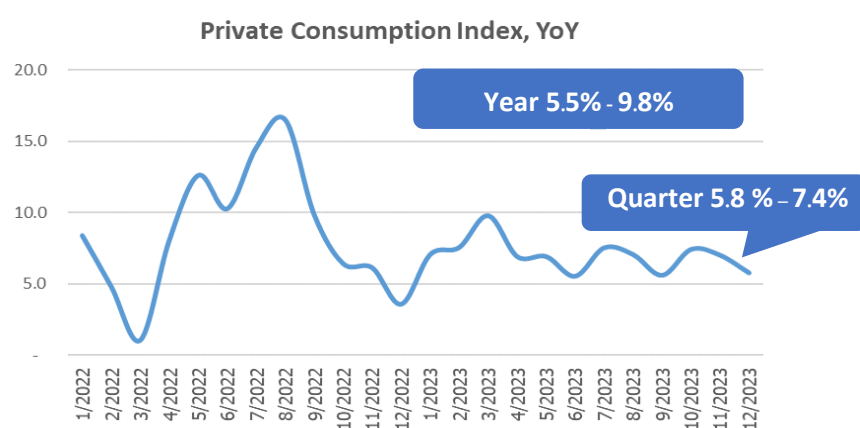
Management Discussion and Analysis

Q4/2023 and Year 2023

Business Overview

For the operating results in the 4th quarter of 2023, the overall result was in line with the goals set by Tanachira Retail Corporation Public Company Limited (“the Company”). Normally the 4th quarter is the best quarter of the year in terms of operating results of the Company. Information from the Private Consumption Index showed that growth in the 4th quarter of 2023 remained steady with an average growth rate of 5.8% – 7.4%, while the Company’s results in the 4th quarter of 2023 could be achieved at similar level. Revenue grew at a rate of 5.9% and profit grew at a rate of 7.6% compared to the 4th quarter of 2022.

For the year 2023, the operating result was significantly better than the index average. Revenue grew at a rate of 11.7% and profit grew at a rate of 33.1% while the overall Private Consumption in 2023 grew from the same period last year at a rate between 5.5% - 9.8%.



Source: Bank of Thailand Private Consumption Index (Seasonally Adjusted)

Summary Operating Results

Unit : THB Million	Q4/22	Q3/23	Q4/23	%YoY	%QoQ	2022	2023	%YoY
Revenues	403.3	324.3	427.1	5.9%	31.7%	1,266.0	1,414.6	11.7%
Gross Profit	257.8	206.6	274.5	6.5%	32.9%	757.0	906.8	19.8%
Net Profit for the Company	63.5	25.6	68.4	7.6%	166.8%	125.3	166.8	33.1%
Gross Profit Margin (%)	63.9%	63.7%	64.3%	0.4%	0.6%	59.8%	64.1%	4.3%
Net Profit Margin for the Company (%)	15.8%	7.9%	16.0%	0.3%	8.1%	9.9%	11.8%	1.9%

Note: The Company's net profit in the 3rd quarter of 2023 included one-time expenses of 3.9 million Baht and in the 4th quarter of 2023 of 7.0 million Baht. The total of 10.9 million Baht was related to the IPO at Stock Exchange of Thailand. If the expenses were not included, the Company would have a net profit in 2023 at 177.7 million Baht, 41.8% more than in 2022.

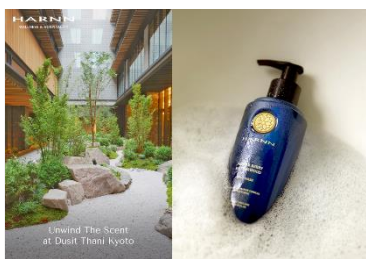
Important Events in Q4 2023



In October 2023, the Company opened **Marimekko Lifestyle Store at ION Orchard, Singapore** that combined a store and a cafe together, fulfilling lifestyle needs with ready-to-wear products, accessories and home collections, along with desserts and drinks served in a Nordic style atmosphere characterized by the brand's signature prints.



In October 2023, the Company **launched 3 new HARNN products under Personal Care group** i.e. **HARNN Toothpaste, HARNN Hair Care and HARNN EDT perfume** with created values from nature combining latest technology to enrich daily lifestyle and serve the needs of new generation of consumers who value taking care of life and the environment.



In October 2023, **HARNN Juniper Berry & Cedarwood** was selected as **guest room amenities at Dusit Thani Kyoto**, the first Thai hotel in Kyoto with the charm and beauty of Thai style woven with the elegance of Japanese tradition. This was considered to create a relaxing experience and a great impression of the HARNN brand for international tourists.



18 October 2023 marked the **first trading day on the Stock Exchange of Thailand for Tanachira Retail Corporation Public Company Limited or TAN**, a world-class importer and distributor of luxury fashion lifestyle products with expertise in brand management of lifestyle products with high growth potential.



In November 2023, the Company opened **the new branch of Pandora concept store at Central Westville**, Floor G, expanding the branch to the Ratchaphruek zone, west of Bangkok to satisfy those who love jewelry styling with a variety of collections. This branch was the 49th branch of Pandora in Thailand.



In Q4 2023, the Company opened **new HARNN concept stores at The Mall Bangkapi** to increase the reach to new Thai customer bases i.e. new generation and working people including foreigners living in Thailand and tourists who value taking care of oneself and the environment.



In December 2023, the Company opened the new 2nd branch of Cath Kidston Tea Room at Central Westville, ready to serve delicious desserts and various drinks with “Afternoon Tea Set” signature menu and enjoy homeware products with prints that perfectly combine British vintage vibe.



In December 2023, the Company opened the first Gordon Ramsay Bread Street Kitchen & Bar restaurant in Thailand! at The Emsphere. This was a full expansion into food and beverage business that helped strengthen the brands under the Company's management and preparing to become a top lifestyle leader in the region with many products and services.



In December 2023, the Company launched the first official GANNI store in Thailand at Central Embassy. GANNI was a fashion brand with unique design and identity from Scandinavia. It also treasured to the concept of being a fashion brand that saved the world by considering Sustainable Fashion, social responsibility and sustainable environment.

Tanachira Retail Corporation Public Company Limited would like to report operating results of the consolidated financial statements for the 4th quarter of the year ended 31 December 2023, compared to the same period of 2022. In the 4th quarter of 2023, revenues from sales and services were 427.1 million Baht, increased 5.9% and net profit attributable to shareholders of the company at 68.4 million Baht, increased 7.6% from the same period last year where revenues from sales and services were 403.3 million Baht and net profit attributable to shareholders of the company at 63.5 million Baht. Compared to the 3rd quarter of 2023 where revenues from sales and services were 324.3 million Baht and net profit attributable to shareholders of the company at 25.6 million Baht, the results represented an increase of 31.7% and 166.8% respectively. In the 4th quarter of 2023, a one-time expense of 7.0 million Baht was included.

For the operating result of 2023 compared to 2022, the Company reported revenues from sales and services of 1,414.6 million Baht, increased 11.7%, and net profit attributable to shareholders of the company at 166.8 million Baht, increased 33.1% compared to the same period of last year where revenues from sales and services were 1,266.0 million Baht and net profit attributable to shareholders of the company at 125.3 million Baht as detailed in the table below.

Operating Results of the Company

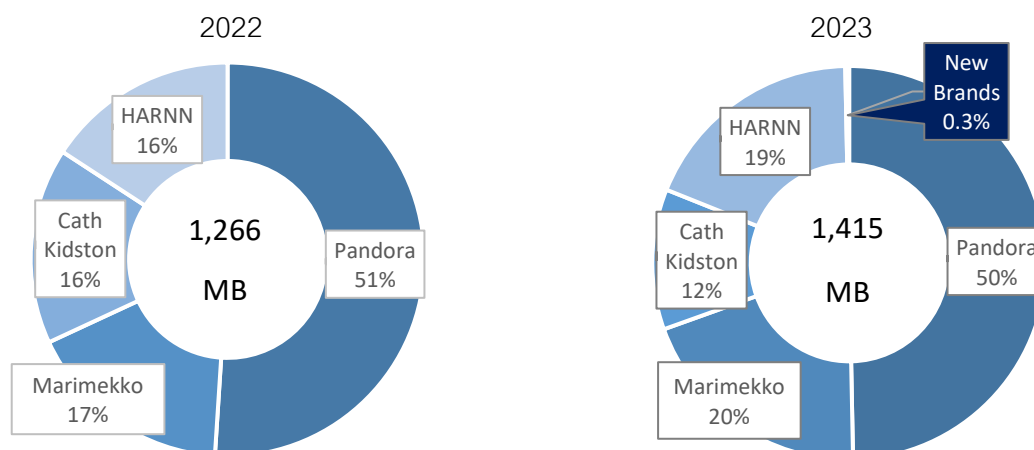
Unit : THB Million	Q4/22	Q3/23	Q4/23	%YoY	%QoQ	2022	2023	%YoY
Revenue from Sales & Services	403.3	324.3	427.1	5.9%	31.7%	1,266.0	1,414.6	11.7%
Cost of Sales & Services	-145.5	-117.7	-152.6	4.8%	29.6%	-508.9	-507.8	-0.2%
Gross Profit	257.8	206.6	274.5	6.5%	32.9%	757.0	906.8	19.8%
Selling and Distribution Expenses	-120.3	-119.5	-142.7	18.6%	19.4%	-414.6	-485.5	17.1%
Administrative Expenses	-53.1	-45.4	-42.2	-20.5%	-7.1%	-162.9	-181.1	11.2%
Other Income	4.6	4.0	3.6	-22.2%	-10.2%	23.2	15.4	-33.5%
Profit before Interest and Tax	89.0	45.6	93.2	4.7%	104.2%	202.7	255.6	26.1%
Finance Cost	-10.6	-13.9	-6.8	-36.3%	-51.2%	-43.7	-46.7	6.8%
Profit before Income Tax Expenses	78.4	31.8	86.4	10.3%	171.9%	159.0	208.9	31.4%
Corporate Income Tax	-14.7	-7.6	-18.6	26.5%	145.4%	-36.2	-45.9	26.7%
Net Profit	63.6	24.2	67.8	6.5%	180.3%	122.8	163.0	32.7%
Net Profit for the Company	63.5	25.6	68.4	7.6%	166.8%	125.3	166.8	33.1%

Analysis of Statement of Income

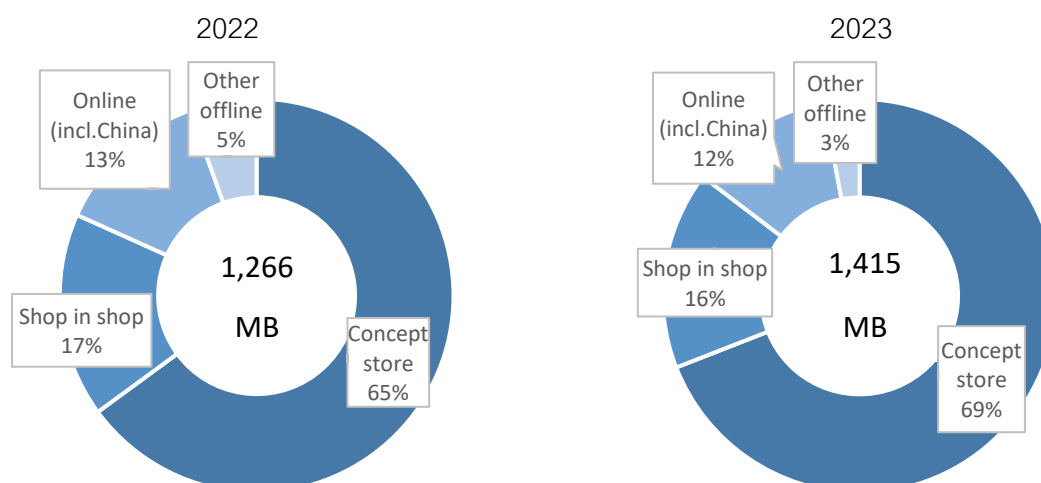
1. Revenue from sales

The Company' revenue from sales consisted of selling through two main distribution channels i.e. an offline channel and an online channel under 4 main brands including (1) Pandora, (2) Marimekko, (3) Cath Kidston, and (4) HARNN group of brands (Two new brands, Gordon Ramsay and GANNI, opened in late December 2023). The offline channel consisted of (1) Concept store (2) Shop in shop and (3) Other offline channel i.e. B2B, event. For the year 2022 and 2023, the Company's revenues were 1,266.0 million Baht and 1,414.6 million Baht respectively.

Revenue structure by brand



Revenue structure by distribution channel



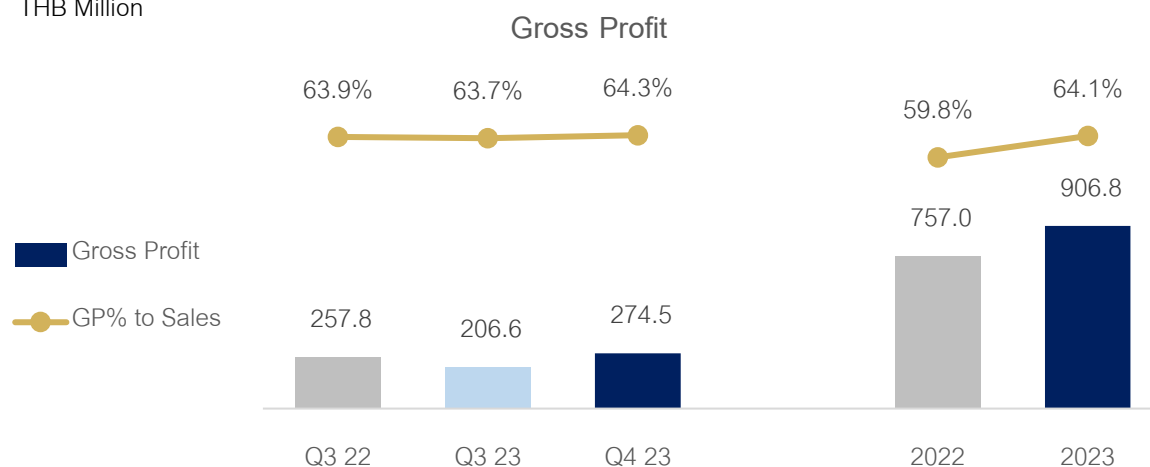
For the 4th quarter of 2023, the Company reported revenues of 427.1 million Baht increased 5.9% compared to the same period of 2022 and increased by 31.7% compared to the 3rd quarter of 2023. The increase was mainly caused by an increase in revenue from sales through branch stores and online channels during the year-end shopping festival. Increasing revenue from new businesses is an important base for diversifying the Company's reliance on revenue from core brands in the next quarters.

For the year 2022 and 2023, the Company's revenue from sales and services increased by 148.6 million Baht or 11.7% mainly from (1) an increase of sales through concept store of Pandora, Marimekko and HARNN brands (2) decent domestic online sales growth of 19.7%. However, the revenue from both offline and online sales for Cath Kidston decreased in 2023 when compared to 2022 and the proportion of revenue from sales of the Cath Kidston brand was lower than other brands due to the problem that the parent company of the brand had suffered losses from the COVID-19 situation and was in the process of rehabilitating its business. After the business was sold to a new shareholder who became the new owner of the brand, there was a return to the development of product and new merchandise. However, production of new products and shipments from the parent company would begin to see a continuation toward the end of the first quarter of 2024. If the resolution of this matter is completed, the Company is confident that the overall operating results will improve significantly. This is because the Company has continuously maintained the Cath Kidston customer base through marketing activities even though there were no new products added.

The revenue growth rate of Marimekko and HARNN brands for offline and online channel combined increased 29.9% and 31.7% respectively. This was considered an outstanding growth and the operating results according to the strategic plan for brand building to become more popular in Thailand. Especially for HARNN, which is targeting to grow at an accelerated rate, it is a brand that has tourists as an important customer base. As a result, HARNN's revenue share increased to 19 percent from 16 percent in the previous year.

2. Gross profit and gross profit margin

THB Million

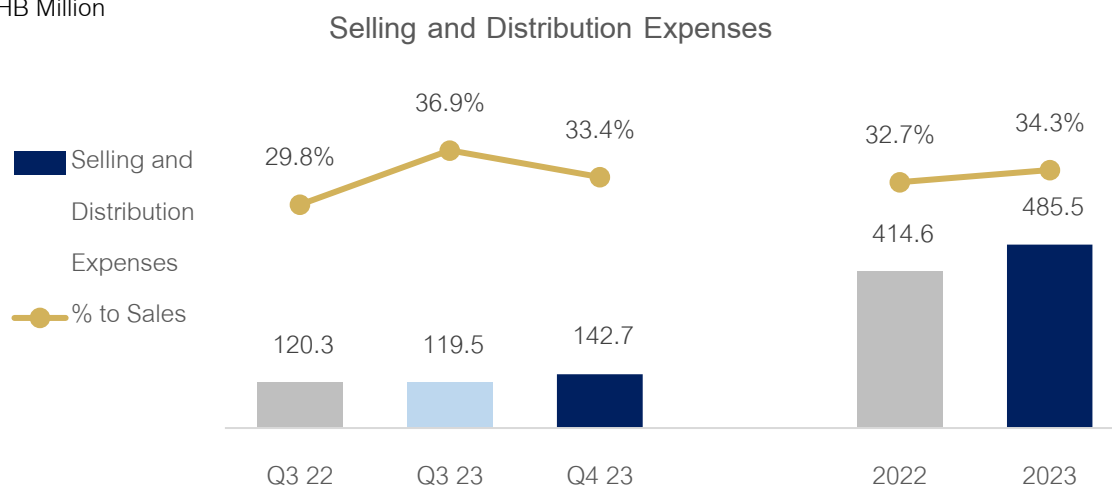


For the 4th quarter of 2023, the Company's gross profit was at 274.5 million Baht, increased 16.7 million Baht or 6.5% increase compared to the same period of 2022 and increased 67.9 million Baht compared to the 3rd quarter of 2023. The gross profit to sales ratio in the 4th quarter of 2022, 3rd quarter of 2023 and year 2023 were at 63.9%, 63.7% and 64.3% respectively. The increase was mainly from (1) an increase in revenue from sales through concept store branches and (2) controlling discounts to maintain sales at full price even though it was the season of the annual product sale. The Company places importance on brand building, which allows maintaining a high level of gross profit to create long-term sustainability.

For the years 2022 and 2023, the Company's gross profit was 757.0 million Baht and 906.8 million Baht respectively, an increase of 149.8 million Baht or an increase of 19.8%, or equivalent to a gross profit margin of 59.8% and 64.1% respectively.

3. Selling and distribution expenses

THB Million



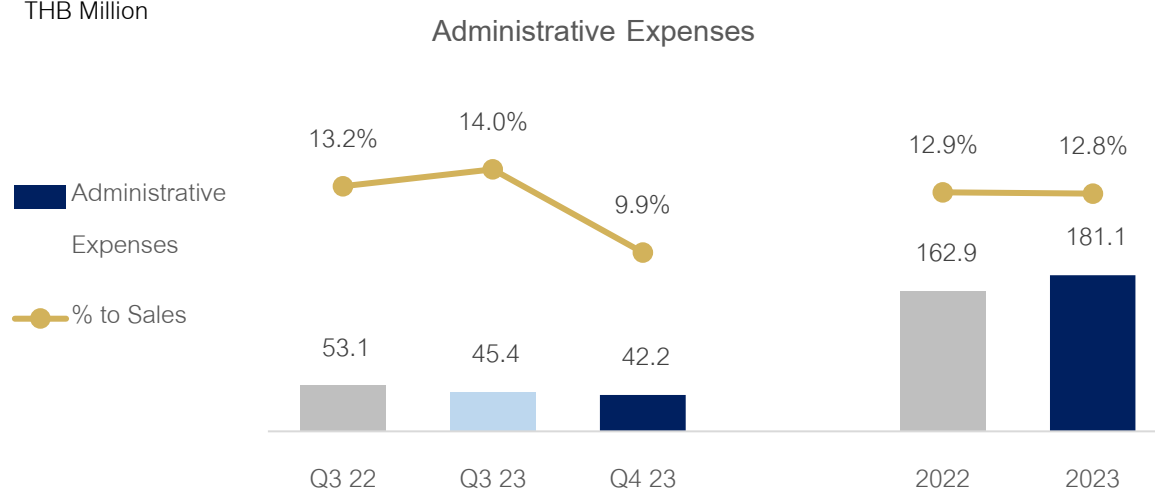
Selling and distribution expenses consisted of branch employee expenses, venue rental, depreciation and amortization, marketing expenses, commission, and branch utility costs.

For the 4th quarter of 2023, the Company had selling and distribution expenses of 142.7 million Baht, increased 22.4 million Baht or 18.6% compared to the 4th quarter of 2022 mainly from an increase in the number of employees in food and beverage business before store opening, which was gradually increase since the 3rd quarter of 2023.

For 2023, the Company had selling and distribution expenses of 485.5 million Baht, increased 71.0 million Baht or 17.1% compared to 2022 mainly due to rental rate with no discount after better COVID-19 situation and an increase in the number of branches, the number of store sales staff including employees in the food and beverage business before store opening and slightly increased marketing costs.

4. Administrative Expenses

THB Million



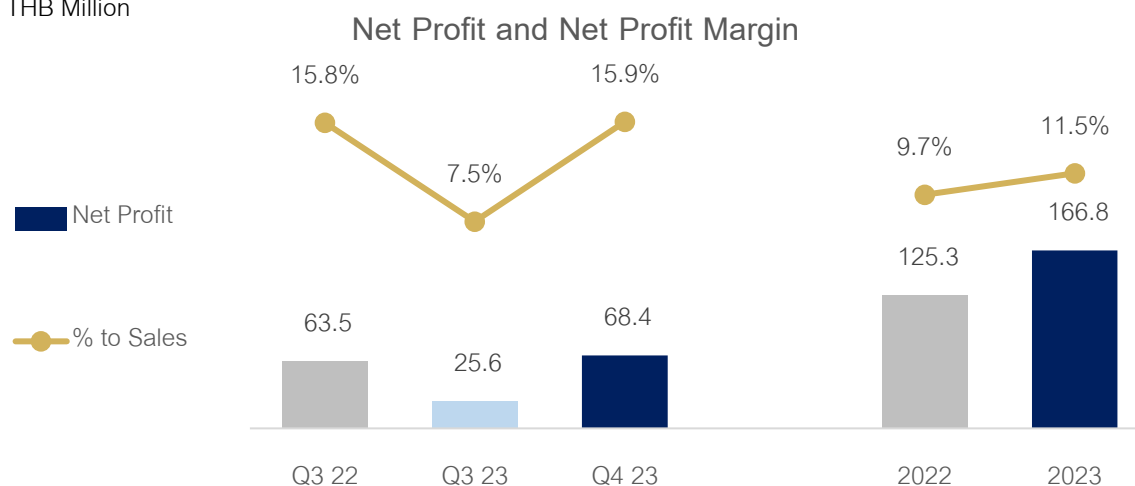
Administrative expenses included salaries and benefits for office staff, consulting fees and professional fees, depreciation and amortization of the head office and office rent.

For the 4th quarter of 2023, the Company had administrative expenses of 42.2 million Baht, decreased 10.9 million Baht or 20.5% compared to the 4th quarter of 2022 mainly due to a reduction in the total accrued bonus set for the Chief Executive Officer as a result of performance evaluations that did not pass the evaluation criteria and a decrease of legal and professional fee, which caused administrative expenses to sales ratio to reduce to only 9.9% in the 4th quarter of 2023.

For 2023, the Company had administrative expenses of 181.1 million Baht, increased 18.2 million Baht or 11.2% compared to 2022 mainly due to an increase in the number of employees in the support department at the head office to support the growth of the organization and an increase in legal advisory fees related to the initial public offering (IPO) of 3.9 million baht (one-time expense).

5. Net profit and net profit margin

THB Million



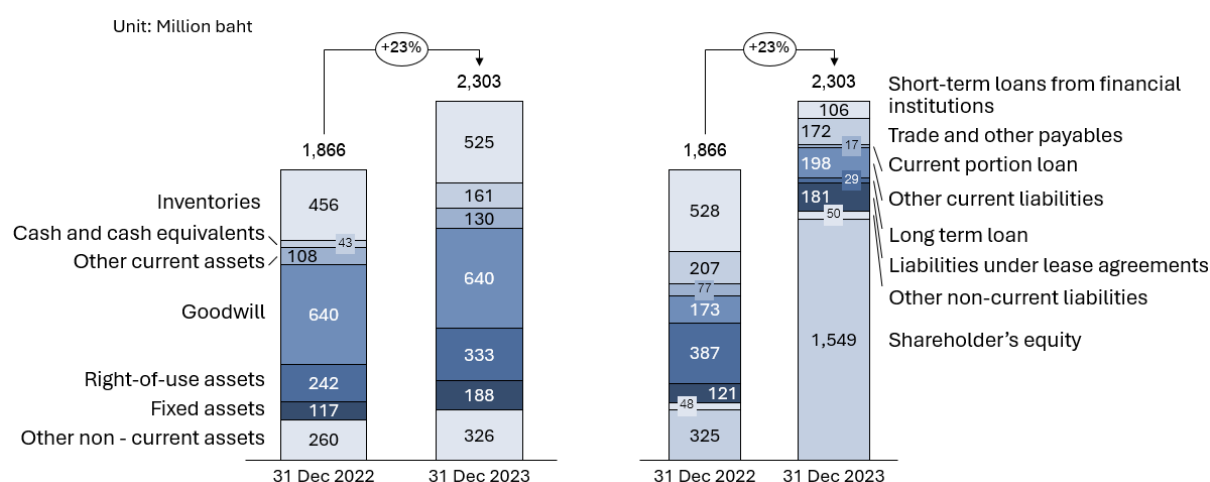
For the 4th quarter of 2023, the Company had a net profit attributable to the shareholders of the company of 68.4 million Baht. An increase of 4.8 million Baht compared to the 4th quarter of 2022 and an increase of 42.7 million Baht compared to the 3rd quarter of 2023, consistent with increased sales. Net profit margin in the 4th quarter 2023 was 15.9%, increasing from 7.5% in the 3rd quarter of 2023, consistent with higher sales, especially in December 2023, and better expense management.

For the year 2022 and 2023, the Company had net profit attributable to shareholders of the company of 125.3 million Baht and 166.8 million Baht respectively or equivalent to net profit margin of 9.7% and 11.5% to sales respectively. The increase in net profit of 41.5 million baht, representing an increase of 33.1% mainly due to (1) the increase in revenue from sales through store branches that continue to expand resulting in increased income more than expenses, with most of the Company's expenses being fixed expenses (2) the increase of sales through online channel with lower expenses than offline channel (3) the recovery of the tourism sector, with direct effect on the HARNN brand, which is a brand with a high gross profit margin, and (4) the increase of gross profit margin from sales' ability to control discounts well.

6. Finance cost

Finance cost consisted of interest incurred on loans and the recognition of interest on lease liabilities from accounting records according to Accounting Standard No. 16. Liabilities under lease contracts, which were included with a value of 11.6 million Baht representing 24.8% of total finance cost. After the initial public offering (IPO), finance costs were reduced significantly. Interest expenses in the 4th quarter of 2023 decreased from the 4th quarter of 2022 and the 3rd quarter of 2023 by 36.3% and 51.2% respectively.

Analysis of Statement of Financial Position



1. Assets

As of 31 December 2023, the Company had total assets of 2,302.5 million Baht. The main assets of the Company consisted of (1) Goodwill, (2) Inventory, and (3) Right-of-use assets, which together accounted for 65.0% of the total asset value.

As of 31 December 2023, the Company's total assets increased 436.5 million Baht compared to the end of 2022 or 23.4% increase mainly from the increase of (1) cash and cash equivalents (2) right-of-use assets and fixed assets from branch expansion (3) inventory, which was the increase of the volume of finished products reserves to support sales in the 1st quarter of 2024 including packaging and finished products of the HARNN brand and raw materials and finished products of new brands that opened at the end of the year (Initial Stocks) valued at 57.0 million Baht, and (4) other non-current assets from business expansions including the money paid to obtain the right to do business with a company.

2. Liabilities

As of 31 December 2023, the Company's liabilities were 753.2 million Baht. The main liabilities of the Company consisted of (1) liability under lease agreement, (2) trade and other payables, and (3) short term loan from financial institution, altogether accounted for 82.0% of total liabilities.

As of 31 December 2023, the Company's liabilities reduced 787.7 million Baht compared to the end of 2022 or 51.1% mainly from using money from the IPO to repay loans. As a result, both short-term and long-term loans decreased significantly. Only the trust receipts, which is a financial tool for paying for goods purchased from abroad, and liabilities under the lease agreement remained.

3. Shareholder's Equities

As of 31 December 2023, the Company's total shareholder's equities were at 1,549.3 million Baht increased 1,224.2 million Baht from 31 December 2022 as a result of capital increase from existing shareholder from 60.0 million Baht to 222.5 million Baht and common share offering from the Initial Public Offering. The Company paid a total dividend of 352.8 million Baht in 2023.

Business Direction in 2024

In addition to the launch of a new collection, applying best marketing practices for target customers and operational excellence, the Company is moving towards becoming a truly integrated lifestyle company. The Company places importance on increasing same store sales growth as a first priority through dividing new business groups into (1) fashion, (2) lifestyle, (3) beauty and wellness, and (4) food and beverages with the expansion plans as follows.

Branch Expansion At the end of 2023, the Company had a total of 135 branches (excluding 9 franchise branches and online stores), increasing by a total of 15 branches from the end of 2022. In 2024, the Company has a plan to open approximately 6-8 branches within the first half of the year to reach more customers domestically and abroad.

New Brand Continuing from the GANNI brand that was launched at the end of 2023, in 2024 the Company plans to officially bring another new brand of products from overseas to be sold in Thailand in order to build on the success of its management of lifestyle product brand along with continuously expanding branches of new brands.

HARNN Business In 2024, the Company plans to continue accelerating sales growth of the HARNN brand portfolio through both domestic and international operations. China is considered an important target for driving sales through expansion in the form of a Multi-Tier Franchising System.

Food and Beverage Business In 2024, the Company will begin operating a full-fledged food and beverage restaurant with the brands Gordon Ramsay Bread Street Kitchen & Bar and Street Pizza, which have received good response from customers since the start of business. The Company has plans to expand branches of both Bread Street Kitchen & Bar and Street Pizza and open additional restaurants in the group, Street Burger, and to expand branches to serve customers further.

Overseas Business In 2024, the Company is committed to reaching the breakeven point for building overseas operations including Vietnam, Japan and Singapore. Although the proportion of foreign revenue is still less than 10% and is in the early stages, the Company places importance on long-term plans to grow in the region and create a significant proportion of income, reducing overall dependency on instability from the Thai economic situation.

Expense Control The Company continues to focus on creating excellent operating results through controlling fixed expenses. While the Company has good gross profit margins and much lower interest expenses, achieving outstanding operating profits from growing sales requires effective control of fixed expenses. The Company still has expansion plans, which are necessary to increase the number of employees, investment in technology and information systems, and rental space for branch expansion. The Company put emphasis on the process of considering cost increases carefully and systematically in order for each project to achieve maximum benefit and create good returns according to the project objectives set at the beginning.

Sustainable Organizational Development Besides making profits and good returns to shareholders, the Company is attentive to initiating environmental, social and governance projects (Environmental Social and Governance) in a concrete way, in addition to reducing the use of plastic in the production of packaging for the HARNN brand group, at least 1 project in 2024.