

Miss Grand International Public Company Limited



Management Discussion and Analysis (MD&A) Year 2023

Summary of operating result in Year 2023

Unit: THB million

Operating result Year 2023	Q4 2022	Q3 2023	Q4.2023	Change (%)		2022	2023	Change (%)
				YoY	QoQ			
				Total revenues	97.84			
Gross profit	31.33	63.98	88.62	182.86%	38.51%	120.55	272.79	126.29%
Net profit (loss)	11.26	25.13	42.12	274.07%	67.61%	47.85	119.25	149.22%
Gross profit margin	32.85%	46.75%	48.15%	15.30%	1.40%	39.13%	45.01%	5.88%
Net profit (loss) margin	11.92%	18.36%	22.87%	10.95%	4.51%	15.05%	19.36%	4.31%

Total revenues :

- Miss Grand International Public Company Limited (the “Company”) recorded total revenues of THB 184.07 million and THB 616.13 million in quarter 4 of 2023 and the year 2023, increased by 88.13 percent and 92.78 percent from quarter 4 of 2022 and the year 2022, respectively. This was due to growth in all businesses of the Company, including revenues from commerce, revenues from pageant, 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 88.62 million and THB 272.79 million in quarter 4 of 2023 and the year 2023, increased by 182.86 percent and

126.29 percent from quarter 4 of 2022 and the year 2022, respectively, which is align with an increase in revenues

- The Company still maintained gross profit margin well. In year 2023, the Company had gross profit margin of 45.01 percent, increased from 39.13 percent in year 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 119.25 in year 2023 , increased by 149.22 percent from in year 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 Prajakrattanakul etc. In addition, the popularity of Engfa Waraha and Charlotte Austin still continue. Furthermore, the company continues to manage marketing expenses efficiently as it operates as a company with direct communication channels to customers, almost

eliminating intermediary costs. This results in significantly lower sales-related expenses for the company.

- In year 2023, the Company had net profit margin of 19.36 percent, increased from 15.05 percent in year 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 4 of 2023



- Company's products best selling Top 5 in 2023

1. NangNgam Numprick - Plaslit
2. Finver Perfume 4 Scents
3. NangNgam Sun Screen Serum
4. NangNgam Neck Serum
5. NangNgam Anti – Melasma & Dark Spot Cream



- Miss Grand International 2023 competition's final round took place on October 25, 2023, in Hanoi, Vietnam. The winner of the competition hails from Peru and is named Luciana Fuster Guzmán.



- The Engfa Live in Vietnam concert was held on October 28, 2023, in Hanoi, Vietnam. The event featured performances by the artists Engfa Woraracha, Charlotte Austin, and Snack Atchariya SriSuk, entertaining fans in Vietnam.



- The Engfa Live in Philippines concert took place on November 26, 2566, in the Philippines. The event featured performances by the artists Ingfa Woraracha, Charlotte Austin, and Snack Atchariya SriSuk, entertaining fans in the Philippines.



- The Engfa Live in Cambodia concert was held on December 2, 2023, at Naba Theatre in Phnom Penh, Cambodia. The event featured performances by the artists Ingfa Waraha, Charlotte Austin, and Snack Atchariya SriSuk, entertaining fans in Cambodia.



- The Grand Sport Day event was held at MGI Hall on December 16, 2023. The event featured artists from both international and Thai talent within the company. It served as a promotional activity to enhance the relationship between the artists and their fan clubs who passionately support the company's talents.



- the Thai musical event, organized by Miss Grand, took place at MGI Hall on December 16, 2023. The event featured artists from both international and Thai talents within the company. It served as a cultural promotion activity to showcase Thai culture and entertainment, providing international audiences with

an enjoyable and lively experience. The event aimed to foster cultural exchange and allow fan clubs to delight in the performances.



- "Happy Birthday Charlotte" event was organized at MGI Hall on December 21, 2023, with the aim of fostering strong relationships between fan clubs and the artist, Charlotte. This celebration served as a special occasion to connect with fans and create memorable experiences, emphasizing the importance of the bond between the artist and their dedicated supporters.

Financial analysis

Unit: THB million

Operating result Year 2023	Q4 2023	Q3 2023	Q4.2023	Change (%)		2022	2023	Change (%)
				YoY	QoQ			
				Revenues from sales and services	96.41			
Cost of sales and services	65.08	71.59	94.56	45.30%	32.09%	194.54	339.32	74.42%
Gross profit	31.33	63.98	88.62	182.86%	38.51%	120.55	272.79	126.29%
Other income – including finance income	1.43	1.28	0.89	-37.76%	-30.47%	4.52	4.02	-11.06%
Selling expenses	5.54	17.35	20.90	277.26%	20.46%	23.53	65.42	178.03%
Administrative expenses	12.77	16.50	16.32	27.80%	-1.09%	41.58	62.48	50.26%

Share of loss from investment in joint venture	0.00	0.10	-0.02	100.00%	-120.00%	0.00	0.19	100.00%
Interest income	0.01	0.18	0.53	100.00%	194.44%	0.24	0.91	279.17%
Finance expenses	0.04	0.00	0.02	-50.00%	0.00%	0.04	0.02	0.00%
Operating profit	14.42	31.49	52.82	266.30%	67.74%	60.16	149.61	148.69%
Income tax expenses	3.16	6.46	10.70	238.61%	65.63%	12.31	30.36	146.63%
Net profit (loss)	11.26	25.03	42.12	274.07%	68.28%	47.85	119.25	149.22%

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,
 - 1.1 Consumer product (non-edible): In quarter 4 of 2023 and the year 2023, the revenues were THB 61.15 million and THB 149.35 million, increased by 170.10 percent and 70.96 percent from quarter 4 of 2022 and the year 2022, respectively.
 - 1.2 Consumer product (edible): In quarter 4 of 2023 and the year 2023, the revenues were THB 17.00 million and THB 105.26 million, increased by 319.75 percent and 332.81 percent from quarter 4 of 2022 and the year 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. the company has also managed to encourage many influencers with a large following to leverage their influence by promoting and selling the company's products. These influencers have actively engaged with their audience, enticing them to add items to their shopping carts and make purchases for the company.

2. Revenues from media and x-periences business

The Company recorded revenues from media and x-periences business in an amount of THB 30.66 million and THB 112.74 million in quarter 4 of 2023 and the year 2023, increased by 12.76 percent and 64.51 percent from quarter 4 of 2022 and the year 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”, Concert “Ku Krai Ku Muns”, Engfa Concert live in Viatnam, Philippines, Cambodia etc.

3. Revenues from talent businesss

The Company recorded revenues from talent business in an amount of THB 34.68 million and THB 134.66 million in quarter 4 of 2023 and the year 2023, increased by 56.36 percent and 115.46 percent from quarter 4 of 2022 and the year 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 pageant business

The Company recorded revenues from Miss Grand beauty pageant business in an amount of THB 85.05 million in the year 2023, increased by 18.69 percent from the year 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 24.31 million in the year 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 business	Q4 2022	Q3 2023	Q4.2023	Change (%)		2022	2023	Change (%)
				YoY	QoQ			
Consumer product (non-edible)	22.64	44.20	61.15	170.10%	38.35%	87.36	149.35	70.96%
Consumer product (edible)	4.05	15.57	17.00	319.75%	9.18%	24.32	105.26	332.81%
Revenues from media and x-periences								
- Revenues from media and x-periences	27.19	32.84	30.66	12.76%	-6.64%	68.53	112.74	64.51%
- Revenues from artist management	22.18	36.82	34.68	56.36%	-5.81%	62.50	134.66	115.46%
Revenues from contest	20.18	0.00	30.42	50.74%	100.00%	71.66	85.05	18.69%

Other incomes								
- Revenues from sub-lease of MGI Hall	0.00	6.04	9.13	100.00%	51.16%	0.00	24.31	100.00%
- Income from other services	0.17	0.10	0.14	-17.65%	40.00%	0.72	0.74	2.78%
Other incomes – excluding finance income	1.43	1.28	0.89	-37.76%	-30.47%	4.52	4.02	-11.06%
Total revenues	97.84	136.85	184.07	88.13%	34.50%	319.61	616.13	92.78%

Selling expenses:

The Company recorded selling expenses in an amount of THB 20.90 million and 65.42 million in quarter 4 of 2023 and the year 2023, increased by 277.26 percent and 178.03 percent from quarter 4 of 2022 and the year 2022, respectively. This reason for this is attributed to advertising expenses and platform usage costs, with the primary cost being platform usage fees incurred from utilizing TikTok services as a sales channel. The expenses related to selling through the platform have increased due to the positive response and successful sales generated through TikTok Shop. This alignment with the increased revenue has led to higher costs associated with sales through TikTok Shop.

Administrative expenses:

The Company recorded administrative expenses in an amount of THB 16.32 million and 62.48 million in quarter 4 of 2023 and the year 2023, increased by 27.80 percent and 50.26 percent from quarter 4 of 2022 and the year 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 0.19 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 42.12 million and THB 119.25 million, in quarter 4 of 2023 and the year 2023, increased by 274.07 percent and 149.22 percent from quarter 4 of 2022 and the year 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.

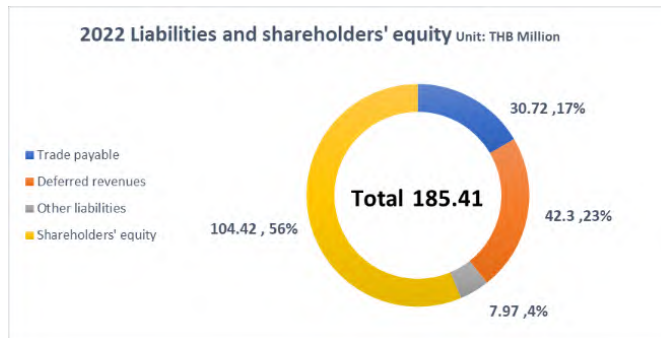
Analysis of the Company's financial position



Assets:

In year 2023, the Company's total assets were THB 605.39 million, increased by THB 419.98 million, or equivalent to 226.51 percent from end of 2022. The details on increase and decrease of assets are as follows:

1. Cash and cash equivalent increased by THB 286.61 million due to the Company's business operation and the issuance of additional shares to raise capital through the initial public offering (IPO) for public sale.
2. Trade receivable decreased by THB 10.70 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 2.64 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. Property, Plant and Equipment increased by THB 139.17 million, as the company acquired land with office buildings for the purpose of establishing a new office. Currently, these facilities are undergoing renovations.
5. Other assets increased by THB 7.54 million Due to the company's practice of prepaying various expenses and the anticipation of increased income tax liabilities, the company has seen an increase in its account balances.



Liabilities:

In the year 2023, the Company's total liabilities were THB 150.65 million, increased by THB 69.66 million, or equivalent to 86.01 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 10.50 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 increased by THB 52.91 million due to the company having outstanding dividends of THB 42 million and an increased amount of income tax payable of THB 9.95 million compared to the end of 2565.

Shareholders' equity:

In the year 2023, the Company's shareholders equity was THB 454.76 million, increased by THB 350.32 million, or equivalent to 335.49 percent from the period ended 31 December 2022. The increase in shareholders' equity was due to the Company's profit from operation and the issuance of additional shares to raise capital through the initial public offering (IPO) for public sale.

Analysis of the Company's cash flow

Unit: THB million

Statement of cash flow	Y 2022	Y 2023
Net cash flow from (used in) operating activities	65.03	170.48
Net cash flow from (used in) investing activities	(6.17)	(153.79)
Net cash flow from (used in) financing activities	(15.77)	269.92
Net increase (decrease) in cash flow	43.09	286.61

Net cash flow:

In the year 2023, the Company's cash flow increased by THB 286.61 million due to business operation after deducting for all investing and financing of the Company.

Cash flow from operating activities:

In the year 2023, the Company had cash flow from operating activities in an amount of THB 170.48 million due to the Company had profit from operation before change in operating assets and liabilities of THB 165.88 million and the Company also had deferred revenues which result in net cash to the Company of THB 10.50 million.

Cash flow from investing activities:

In the year 2023, the Company had cash flow used in investing activities in an amount of THB 153.79 million due to The company incurred expenses for the acquisition of land and buildings, specifically a new office building, totaling THB 141.71 million . Additionally, there were purchases of equipment for use in MGI Hall, including office equipment for the new staff working at MGI Hall, amounting to THB 6.07 million . Furthermore, the company invested THB 5.00 million in joint ventures.

Cash flow from financing activities:

In the year 2023, the Company had cash flow used in financing activities in an amount of THB 269.92 million due to the Company paid dividend to shareholders in an amount of THB 15.00 million on 10 April 2023. The company conducted its initial public offering (IPO) to raise capital by issuing new shares to the public, amounting to THB 297 million. The company incurred expenses related to the issuance of new shares, totaling THB 11.29 million.

Analysis of key financial ratio

Key financial ratio	Unit	Y 2022	Y 2023
Current ratio	Times	2.26	3.01
Debt to equity ratio	Times	0.78	0.33
Interest bearing debt to equity ratio	Times	0.01	<0.01
Cash Cycle	Days	1	(9)

The Company has current ratio, debt to equity ratio, and interest bearing debt to equity ratio of 3.01 times, 0.33 times, and less than 0.01 times, respectively. The Company has effectively managed its assets, and an increase in cash has been achieved through operations and the initial public offering, leading to improved liquidity compared to the year 2022.

For the year 2023, the Company's debt collection period decreased from 21 days to 12 days. Therefore, the Company's cash cycle was shorten to (9) days as the Company emphasized on efficient debt collection. Thus, the cash cycle decreased from 2022.