



Ref FN 012/2024

Management Discussion and Analysis
For operation of the first quarter of year 2024

FN Factory Outlet Public Company Limited was established in 2000. It is a distribution center for outlet products. The outlet products are consumables under the brands of the company. The products are divided into apparels under the brands including Inco, Cheval, Sleep Mate and ETC as well as non-apparels under the brands including Cherish, Prim, Rollica, Cushy and other brands.

The company has 10 branches: Petchburi Branch, Kanchanaburi Branch, Pattaya Branch, Pak Chong Branch, Sing Buri Branch, Hua Hin Branch, Phra Nakhon Si Ayutthaya Branch, Chacherngsao Branch, Rayong Branch and Rama 9 Branch. Moreover, the company has online channels and marketplaces such as Facebook, Web commerce, FN application, Line official and TikTok.

Industry Overview

In 1st quarter of 2024, Thailand's economy had been expanded since the past quarter from tourism sector which was better from the increasing of foreign tourists, besides the private sector consumption also tend to be continuously increasing, particularly in service sector. However, there is some risks which are oversupply of goods and Thailand market structure, especially the decreasing of competitiveness, the low range of general inflation rate from pressure of the demand and the reduction of cost of living.

In 1st quarter, the amount of customers were increasing, there were tourists who traveled during holiday period, but they still carefully spent on shopping because of the high cost of living which increased.

The total revenue of the 1st quarter was slightly decreasing, though the closing of Sriracha branch in the end of last year and the temporary closing of Rayong for changing to new model during mid of February to April this year. The company started clearance sales campaign at Rayong branch before temporary closing according to a liquidate policy which reserved obsolete product and it resulted in the revenue in this quarter was closing to the same quarter of last year. The above-said products management will be continued at all branches through 2024 year round.



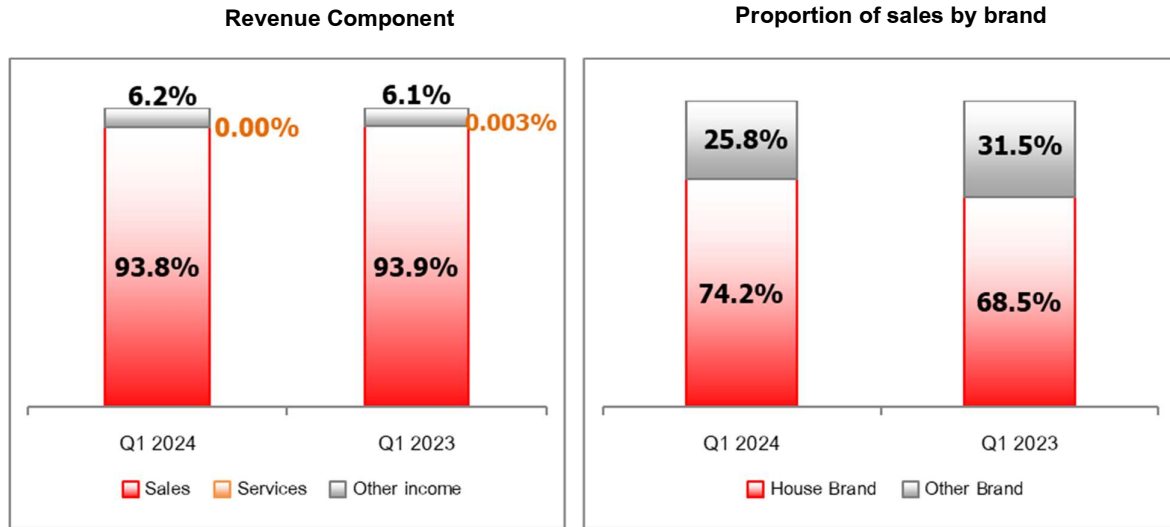
Performance Analysis

Unit : Million Baht	For the three-month period ended 31 March		Change	
	2024	2023	Amount	%YoY
Revenue from sales	112.58	113.57	(0.99)	(0.87)
Revenue from services	-	0.004	(0.00)	(100.00)
Other income	7.48	7.36	0.11	1.51
Total revenues	120.06	120.94	(0.88)	(0.73)
Cost of goods sold	85.93	67.77	18.16	26.80
Allowance for diminution in value of inventories	(28.95)	-	(28.95)	N/A
Selling expenses and administrative expenses	65.41	77.92	(12.51)	(16.05)
Selling expenses	36.34	44.71	(8.37)	(18.71)
Administrative expenses	29.07	33.21	(4.14)	(12.47)
Earnings before interest and taxes (EBIT)	(2.33)	(24.74)	22.41	(90.58)
Financial incomes	0.13	0.04	0.09	235.90
Financial costs	(0.03)	(0.17)	0.14	(84.49)
Financial costs - TFRS 16	(1.55)	(1.74)	0.19	(11.07)
Income tax expenses	0.36	4.62	(4.26)	(92.27)
Net profit (loss)	(3.42)	(21.99)	18.58	(84.47)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	8.10	(11.30)	19.40	(171.72)

Key financial ratio related with operating result (%)	For the three-month period ended 31 March		Change
	2024	2023	%YoY
Gross profit margin from sales (%)	49.39	40.33	9.06
Selling expenses and administrative expenses to total revenue (%)	54.48	64.42	(9.94)
Net profit margin (%)	(2.84)	(18.18)	15.34



1. Total Revenue



The company's revenue from the sales for the first quarter of 2024 was 112.58 million baht, decreased 0.87 percent compared to the same period of 2023. Although, the closing of Sriracha branch and temporary closing for renovation of Rayong branch, the company had released stock to fill up sales from closing branches.

The company's other incomes for the first quarter of 2024 was 7.48 million baht, increased 1.51 percent compared to the same period in 2023 because the number of tenants in retail spaces was increased.

2. Cost of goods sold and gross profit

The gross profit margin from sales for the first quarter of 2024 was 49.39 percent, increased 9.06 percent from the same period of 2023 as compared to the same period in 2023. It resulted from the released of inventory stock which was obsolete reserved to gain cash flow.

Concurrently, the company focuses on maintaining the gross profit margin by sourcing new groups of products with high margins through offline and online channels. The goal is to increase the revenue from the digital commerce.

3. Selling and administrative expenses

The selling and administrative expenses for the first quarter of 2024 was 65.41 million baht, decreased 16.05 percent as compared to the same period in 2023. Because the management team was able to manage highest efficient of controlling sales and administrative expense, besides there was saving administrative expense measure such as electricity expenses and others.



The ratio of the selling and administrative expenses and the total revenue for the first quarter of 2024 was 54.48 percent, decreased 9.94 percent.

4. Net Loss and Net Loss Margin

The company's net loss for the first quarter of 2024 was 3.42 million baht. The loss was decreased 18.58 million baht, as compared to the same period in 2023. The major factor was from the reduction of company's expense.

The company have operation gain before interest, taxes, depreciation and amortization (EBITDA) for the first quarter of 2024 was 8.10 million baht.

The Company sets 2024 target as following;

1) Product selling via Digital Channels.

In the past year, the revenue from digital channels had been continuously growth, therefore, the Company has placed greater importance as a channel for increasing of revenue generation or Growth Engine for the Company. Currently, we are using various platforms on Social Media and E-Market, moreover, the Company has continuously developed its website and FN application to be more efficient in services and responding all customers in every aspects.

2) Business to Business Channel (B2B)

The Company focuses to increase sales revenue from this channel particularly corporate uniforms design and production for large organizations that place importance on the corporate unity and good image. It is expected that B2B channel would help increase revenue in this year.

3) 5D Market

The Company has changed business model by developing and renovating some branches to be 5D market model, as the Company has placed greater importance on providing more services to customers who lives in provinces and its regional where our branches locate to cater for the urban expansion in regional areas. Each branch will focus on most responding customers' needs. The adoption of such new concept is to better attracts new more business partners to collaborate with the Company. Then this year a part of revenue, which will be recognized, is from space rental of each branch. The Company adoption plan will be implement at 3 branches; Rayong Chachoengsao and Kanjanaburi.

4) Inventory management

The Company has managed inventory by sourcing new products to response customers' need and managing inventory level at the least minimum by launching clearance sales campaign.



Financial Position Analysis

Unit : Million Baht	As at		Change	
	31 March 2024	31 December 2023	MB	%
Cash and cash equivalents	131.58	110.29	21.29	19.30
Trend and other receivables	13.66	18.23	(4.57)	(25.07)
Inventories	98.95	116.80	(17.85)	(15.28)
Other current financial assets	30.71	30.57	0.14	0.46
Property, plant and equipment	705.72	710.83	(5.11)	(0.72)
Right-of-use assets	129.29	131.18	(1.89)	(1.44)
Other assets	128.40	123.02	5.38	4.37
Total assets	1,238.31	1,240.92	(2.61)	(0.21)
Accounts payable	33.84	30.92	2.92	9.44
lease liabilities	148.15	149.04	(0.89)	(0.60)
Other liabilities	19.08	20.31	(1.23)	(6.06)
Total liabilities	201.07	200.27	0.80	0.40
Total shareholders' equity	1,037.24	1,040.65	(3.41)	(0.33)
Total liabilities and shareholders' equity	1,238.31	1,240.92	(2.61)	(0.21)

1. Assets

The company's total asset on March 31st, 2024 was 1,238.31 million baht. It was decreased for 2.61 million baht as compared to that in the end of 2023. Major factor was from the reduction of inventory stock which were released according to the Company measure.

2. Liabilities

The total liability on March 31st, 2024 was 201.07 million baht. It was increased for 0.80 million baht as compared to that in the end of 2023 from the due of trade debtors payment period.

3. Shareholders' equity

The shareholders' equity on March 31st, 2024 was 1,037.24 million baht. It was lower than that in the end of 2023. It was decreased for 3.41 million baht. Mainly, it was due to the loss in the period.



Key Financial Ratio Analysis

	As at 31 March 2024	As at 31 December 2023	Change Increase/ (Decrease)	Reason
Liquidity Ratio (times)	8.32	8.44	(0.12)	Decreased from a increase in current liabilities.
Quick Ratio (times)	3.75	3.42	0.34	Increased from a decrease in current liabilities due to payment during the period.
Return on Equity (%)	(21.43)	(23.15)	1.71	Increased due to raise performance.
Debt-to-Equity Ratio (Times)	0.19	0.19	0.00	-

For more information, please contact:

Investor Relations Department

Tel: 02-300-4951, E-mail: corporatesecretary@fnoutlet.com