

Tanachira Retail Corporation Public Company Limited

TANACHIRA

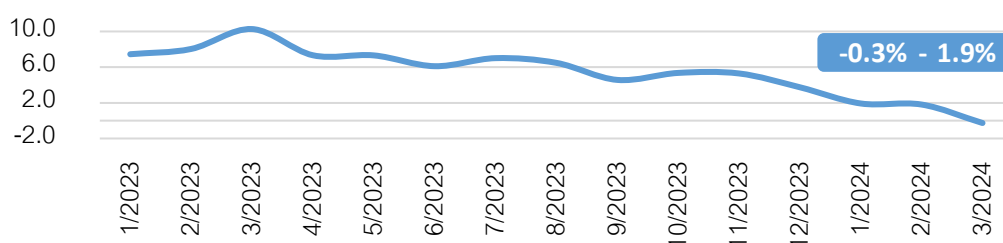
Management Discussion and Analysis

Quarter 1/2024

Business Overview

Overall operating result in Q1 2024 was in line with the goals set by Tanachira Retail Corporation Public Company Limited (“the Company”). Normally, the Company’s Q1 performance would be lower than Q4 of the previous year. However, in Q1 2024, the Company was able to generate an all-time high revenue per quarter and grew more than Q4 2023. The Private Consumption Index showed the overall private consumption in Q1 2024 with a low to negative growth from the same period last year at an average rate of -0.3% to 1.9%. While the Company’s results in Q1 2024 were at a significantly better level. Revenue grew 29.6% and profit grew 20.6% compared to Q1 2023. Q1 2024 is also the quarter with an all-time high gross profit margin. The Company also saw total same store sales growth (Blended SSSG) of 6%, which was higher than the SSSG of businesses in the Commerce group in the SET market.

Figure 1 Private Consumption Index, YoY



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

Figure 2 Quarterly Performance

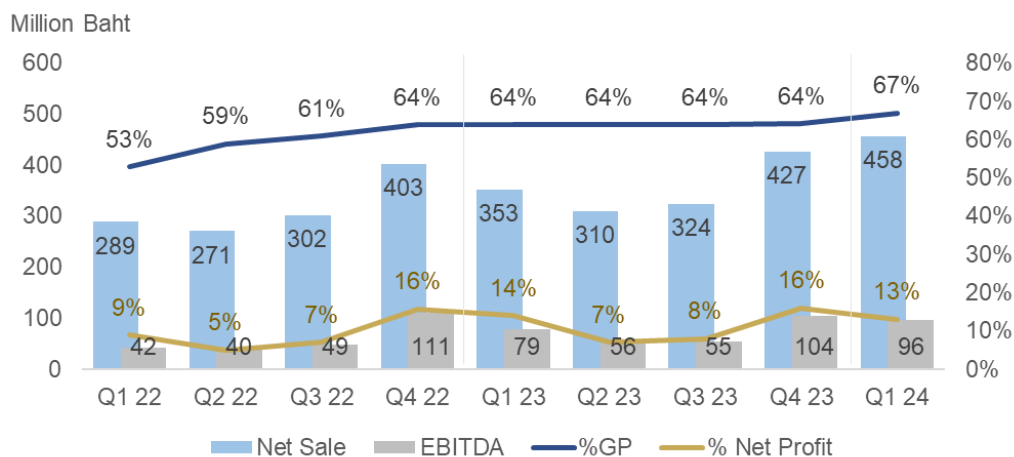


Figure 3 Summary Operating Results

Unit : THB Million	Q4/22	Q3/23	Q4/23	%YoY	%QoQ
Revenues	353.2	427.1	457.7	29.6%	7.2%
Gross Profit	224.9	274.5	306.8	36.4%	11.8%
Net Profit for the Company	50.1	68.4	60.4	20.6%	-11.7%
Gross Profit Margin (%)	63.7%	64.3%	67.0%	3.3%	2.8%
Net Profit Margin for the Company (%)	14.2%	16.0%	13.2%	-1.0%	-2.8%

Important Events in Q1 2024



In January 2024, the Company **renovated HARNN Shop In Shop on the 4th floor of The Emporium**, adhering to the same design standards as the Concept Store under the Luxury Lifestyle Beauty concept. The fresh look exudes a relaxing ambiance, featuring a striking Soap Wall that reflects the brand's identity which seamlessly blending contemporary Thai sensibilities.



In January 2024, the Company **hosted a dinner to welcome senior executives from Marimekko**, including the CEO, Creative Director, SVP Asia Pacific, and Head of Global Brand Concepts, to Thailand. The executives were visiting to meet and discuss potential opportunities for expanding the Marimekko brand in Thailand and the region.



In January 2024, the Company **opened a new Pandora Concept Store at The Mall Lifestore Bangkapi**. The latest branch features an elegant design with a distinctive pink and white color scheme, offering a wide variety of jewelry collections for customers to style in their own unique way. This latest branch marks the 47th Pandora store in Thailand.



In January 2024, the Company **organized an Operation Standard Management training workshop** for Store Managers and Group Store Managers from all regions across Thailand. The workshop aimed to enhance the knowledge, elevate the service standards to international levels, and share their perspectives, which will be applied to further improve work efficiency.



In January 2024, the Company **hosted an exclusive event "PANDORA EXCLUSIVE STYLING MOMENT WITH NANON"** with 20 beloved PANDORA Customers. The event invited these special guests to create memorable moments and style the new jewelry collection with Thai actor Nanon Korapat at the Pandora Flagship Store at centralwOrld.



In January 2024, the Company **officially launched THE SPA by HARNN at the InterContinental Bangkok Sukhumvit Hotel**, offering world-class spa services and introducing a new form of gentle relaxation with HARNN skincare products. The spa features unique treatments designed exclusively for this location.



In January 2024, the Company held an official opening ceremony for the first GANNI store in Thailand, marking a new era of high-end fashion with a diverse range of fashion items that reflect personal style. GANNI blends Scandinavian cool design with a sense of sophistication, embodying the concept of "Smart Luxury" that is both simple and elegant, with unique details. The brand is also committed to sustainable fashion and environmental consciousness.



In February 2024, the Company hosted a morning coffee event to welcome members of the Finnish Association in Singapore. The event took place at the Marimekko Lifestyle Store, ION Orchard Singapore, and featured gift-giving and a discussion about the Finnish philosophy of life, or Sisu. The event was a great opportunity to showcase the charming and unique lifestyle of Marimekko!



In February 2024, the Company opened the 3rd Cath Kidston Tea Room branch at The Mall Lifestore Bangkapi. The new branch offers a delightful selection of desserts and beverages, including the signature Afternoon Tea Set. Customers can enjoy the vibrant floral atmosphere and browse the charming Cath Kidston Homeware products featuring unique British-inspired prints.



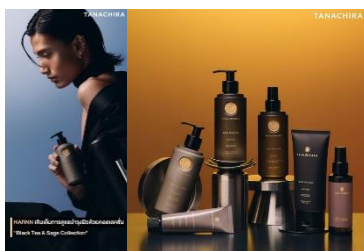
The Company has been named a finalist in the BEST BRAND PERFORMANCE ON SOCIAL MEDIA category - GOLD & JEWELRY at the 12th Thailand Social Awards. This award is a testament to the Company's success in managing the Pandora brand on social media, reflecting its effective communication strategies and understanding of consumer needs in the digital age.



In March 2024, the company held a press conference to announce its strategic plan for 2024, aiming to become a leading regional 'Truly Integrated Lifestyle Company'. The company is structured into 4 business groups: Lifestyle, Fashion, Beauty & Wellness, and Food & Beverage. The company will also implement strategies, expansion plans, and introduce a new management team to strengthen its capabilities and achieve sustainable growth.



In March, the Company officially opened the 1st Gordon Ramsay Street Pizza in Thailand! at The Emsphere, offering a unique dining experience with its "Pizza without Rules" concept. Featuring Gordon Ramsay's sourdough pizza, a variety of toppings, and delectable beverages, Gordon Ramsay Street Pizza is poised to become a new hub for new generation gatherings.



In March 2024, **HARNN unveiled its newest skincare collection, "Black Tea & Sage"**. The collection is designed to nourish and revitalize the skin, promoting long-term health and resilience against environmental aggressors like pollution and UV rays. Enriched with a blend of natural ingredients, the collection delivers a deep, captivating fragrance that enhances every moment of self-care.



In March 2024, the Company celebrated the 60th anniversary of Marimekko's iconic Unikko print, first introduced in 1964, and **unveiled 5 new floral prints through a fashion show to launch the Spring/Summer 2024 collection** at ATT19. The collection seamlessly blends style and functionality, featuring modern simplicity with signature prints. Sustainable materials such as organic cotton and recycled polyester are used throughout the collection. Grace Kanklao, Krating Khunnarong, and Carissa Springett graced the runway during the show.



In March 2024, the Company **hosted a holistic wellness workshop at the InterContinental Phu Quoc Long Beach Resort in Vietnam**. The workshop aimed to restore balance to the body and mind with the aesthetics of pampering all 5 senses under the "HARNN Five Elements" concept. The workshop was led by experts from HARNN Heritage Spa.



In March 2024, the Company **signed an agreement to become the official distributor of the UNITED ARROWS brand in Thailand** through its subsidiary, Tatler Co., Ltd. UNITED ARROWS is a leading Japanese fashion brand known for its understated and classic designs that seamlessly blend with current trends, embodying the concept of "Affluent and Premium." The first UNITED ARROWS store is scheduled to open in the second quarter of 2024.

Tanachira Retail Corporation PLC. is pleased to announce the operating results of the consolidated financial statements for the 1st quarter of the year ended 31 March 2024, compared to the same period of 2023. Revenue from sales and services was at 457.7 million Baht, increased 29.6% and net profit attributable to shareholders of the company at 60.4 million Baht, increased 20.6% from the same period last year, which revenue from sales and services was at 353.2 million Baht and net profit attributable to shareholders of the company at 50.1 million Baht.

Compared to Q4 2023 where revenue from sales and services was at 427.1 million Baht and net profit attributable to shareholders of the company at 68.4 million Baht, the results represented an increase in revenue of 7.2% and a decrease in net profit of 11.7%. This is normal for the Company which profits in Q1 of the current year would be lower than in Q4 of the previous year because expenses at the beginning of the year usually include more items than at the end of the year as detailed in the table below.

Figure 4 Operating Result of the Company

Unit : THB Million	Q1/23	Q4/23	Q1/24	%YoY	%QoQ
Revenue from Sales & Services	353.2	427.1	457.7	29.6%	7.2%
Cost of Sales & Services	-128.2	-152.6	-150.9	17.7%	-1.1%
Gross Profit	224.9	274.5	306.8	36.4%	11.8%
Selling and Distribution Expenses	-111.3	-142.7	-172.8	55.2%	21.0%
Administrative Expenses	-47.8	-42.2	-56.2	17.5%	33.2%
Other Income	7.5	3.6	4.5	-39.9%	24.9%
Profit before Interest and Tax	73.3	93.2	82.3	12.3%	-11.7%
Finance Cost	-12.7	-6.8	-5.2	-59.0%	-23.1%
Profit before Income Tax Expenses	60.6	86.4	77.1	27.2%	-10.8%
Corporate Income Tax	-11.4	-18.6	-17.3	52.0%	-7.0%
Net Profit	49.2	67.8	59.8	21.4%	-11.8%
Net Profit for the Company	50.1	68.4	60.4	20.6%	-11.7%

Analysis of Statement of Income

1. Revenue from sales

The Company's revenue from sales consisted of sales through two main distribution channels i.e. offline and online channel. The offline channel consisted of (1) Concept store (2) Shop in shop and (3) Other offline channel i.e. B2B, event. Revenue of the Company can be categorized into Business Group including (1) Lifestyle, (2) Fashion, (3) Beauty and Wellness, and (4) Food and Drink. For Q1 2023 and 2024, the Company's revenues were at 353.2 million Baht and 457.7 million Baht respectively.

Figure 5 Revenue structure by Distribution Channel

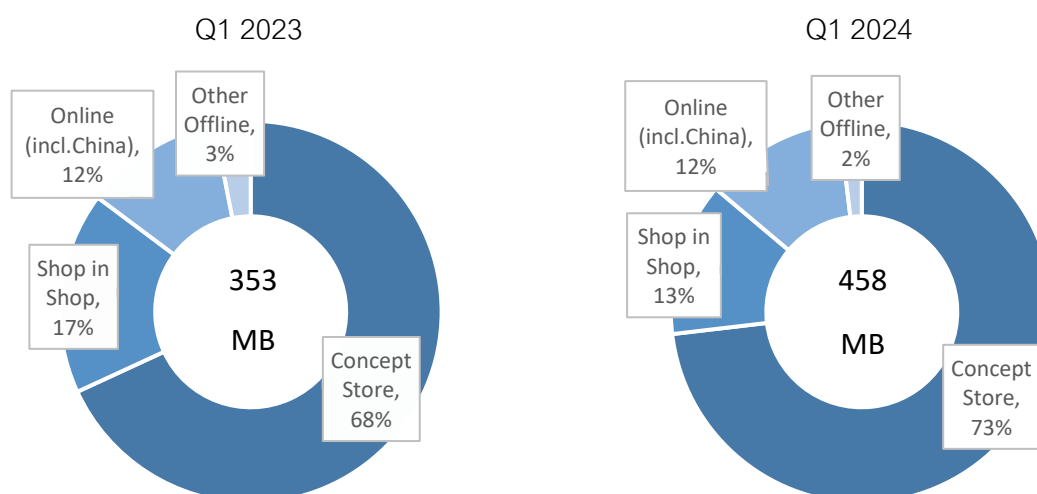
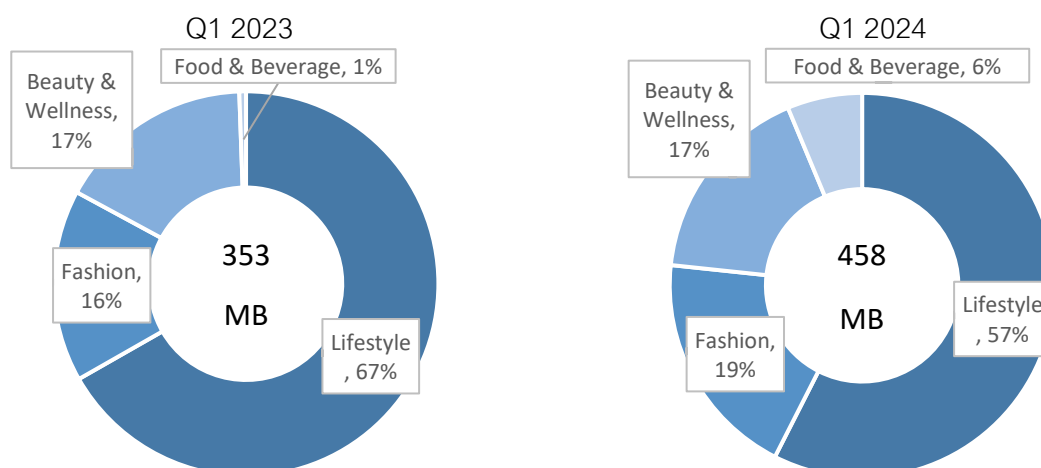


Figure 6 Revenue structure by Business Group



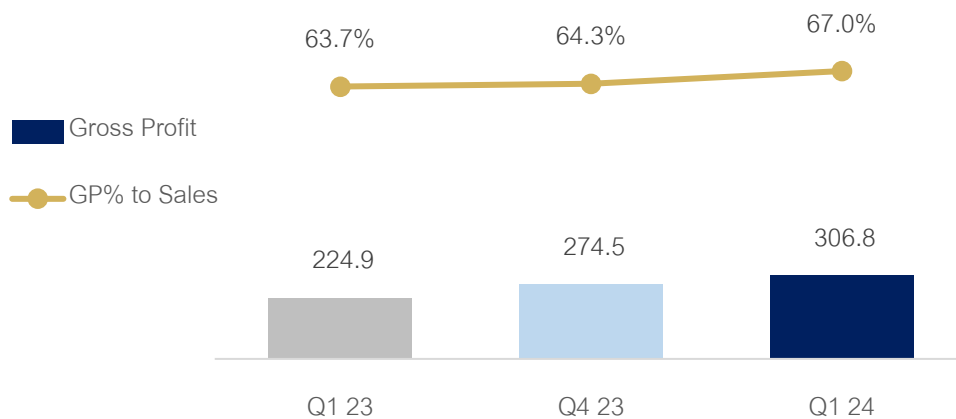
For Q1 2024, the Company reported revenues of 457.7 million Baht increased 29.6% compared to the same period of 2023 and increased by 7.2% compared to Q4 2023. The overall increase was mainly from an increase in revenue from sales through concept stores and online channels during the New Year festival, Chinese New Year and Valentine’s Day including special-collection products, the Easy E-Receipt program, and the overall number of tourists increase. Those factors directly resulted in more spending in shopping centers that are tourist destinations as well. Additional revenue from new businesses is an important base for diversifying the Company's reliance on revenue from core brands in the next quarters.

For Q1 2024 compared to the same period last year, revenue by distribution channel represented an increase in the proportion of sales through Concept Stores from 68% to 73% and a decrease in the proportion of sales through the Shop in Shop from 17% to 13%, which positively affected the gross profit of the Company. Blended same-store sales growth (SSSG) of the Company was at 6%, with HARNN, Marimekko and Pandora brands showing outstanding growth while Cath Kidston brand decreased.

Revenue structure by Business Group for Q1 2024, compared to the same period last year, represented an increase in the proportion of sales from the food and beverage segment from 1% to 6% from the restaurant operations of the Gordon Ramsay group. The proportion of revenue increased from the fashion segment from 16% to 19% from the Marimekko brand which grew 42% and the addition of the GANNI brand. Meanwhile, the lifestyle group's portion decreased from 67% to 57%, despite the Pandora brand growth of 21%, because the Cath Kidston brand’s parent company stopped producing and shipping new products due to the COVID-19 situation. After the business was sold to a new brand owner, there has been a return to developing new products. Some of the new products from the parent company began arriving at the end of March 2024 and immediately received good feedback from customers. The Company is confident that the overall operating results will improve significantly 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 HARNN brands increased 33% from previous year which is considered an operating result according to the strategic plan to continue making the brand more popular in Thailand.

2. Gross profit and gross profit margin

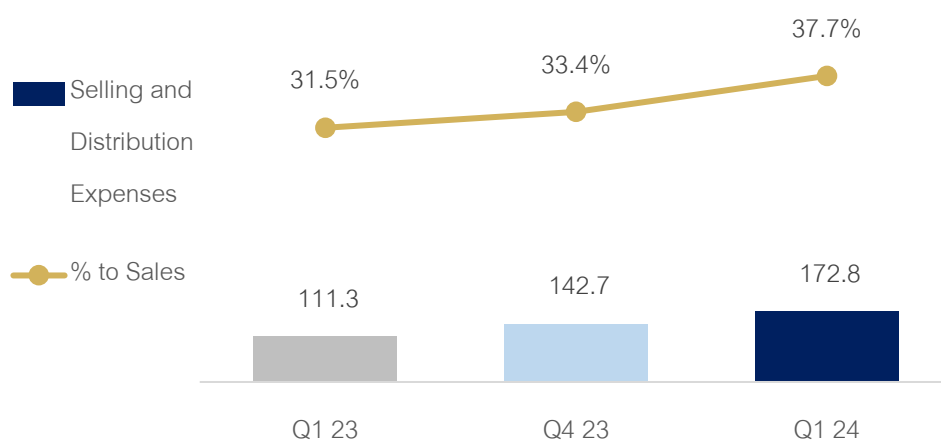
THB Million



For Q1 2024, the Company’s gross profit was at 306.8 million Baht, increased 81.8 million Baht or 36.4% increase compared to the same period of 2023 and increased 32.3 million Baht or 11.8% increase compared to Q4 2023. The gross profit margin in Q1 2024 and Q4 2023 were 67.0% and 64.3% respectively. Gross profit margin in Q1 2024 is considered an all-time high for the Company. The increase was mainly from (1) an increase in sales through Concept Store branches, (2) controlling of discounts to maintain sales at full price, and (3) increasing the proportion of products and services with high gross margins. The Company place emphasis on brand building, which enables preservation of high gross profit levels and maintain long-term sustainability.

3. Selling and distribution expenses

THB Million

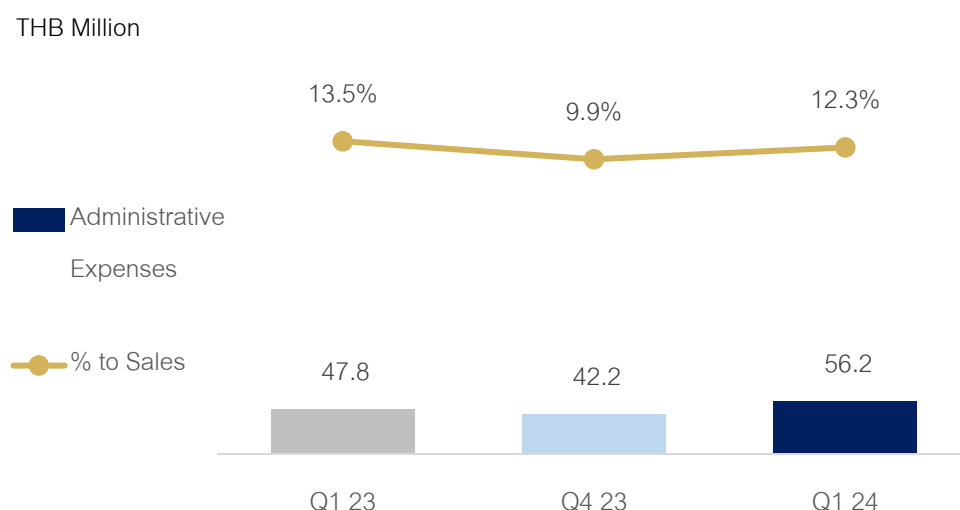


Selling and distribution expenses consisted of branch employee expense, space rental, depreciation and amortization, marketing expense, commission, branch utility cost, and royalty fee.

For Q1 2024, the Company had selling and distribution expenses of 172.8 million Baht, increased 61.4 million Baht or 55.2% compared to Q1 2023 mainly from an increase in expenses related to store expansion locally and abroad, food and beverage business with employees coming in to support the expansion, and more marketing at the beginning of the year than last year to support the launch of new brands, including early marketing spendings in China to prepare for HARNN's business expansion this year.

Compared to Q4 2023 which selling and distribution expenses were at 142.7 million Baht, Q1 2024 expenses increased 30.1 million Baht or 21.0% mainly due to expenses related to food and beverage business with employees coming in to support the expansion, an increase in expenses related to store expansion, more marketing at the beginning of the year to support the launch of new brands, and early marketing spendings in China to prepare for HARNN's business expansion in the second half of 2024.

4. Administrative Expenses

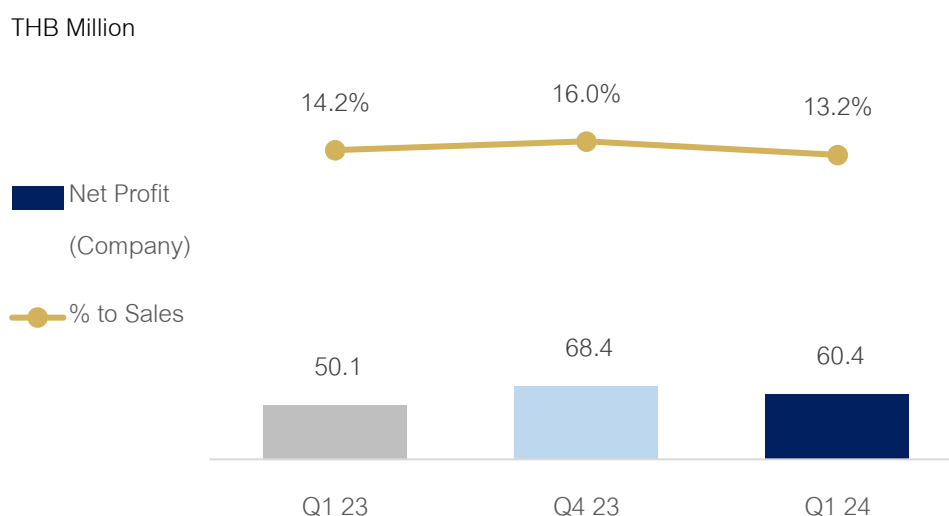


Administrative expenses included salaries and benefits for office staff, consulting fees and professional fees, depreciation and amortization of the head office and office rent.

For the Q1 2024, the Company had administrative expenses of 56.2 million Baht, increased 8.4 million Baht or 17.5% compared to Q1 2023 mainly due to an increase in the number of employees in the support department at the head office including additional office space rental to support the growth of the organization.

Compared to Q4 2023, administrative expenses for Q1 2024 increased 14.0 million Baht or 33.2% mainly due to an increase in the number of employees in the support department at the head office and a reduction in in Q4 2023 for the total accrued bonus set for the Chief Executive Officer.

5. Net profit and net profit margin



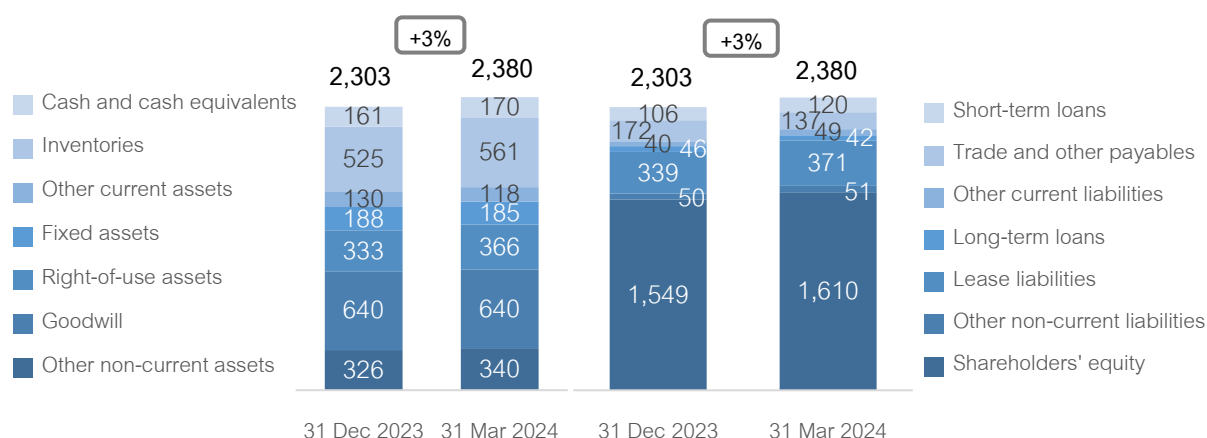
For Q1 2024, the Company had a net profit attributable to the shareholders of the company of 60.4 million Baht, increased 10.3 million Baht compared to Q1 2023. Net profit margin in Q1 2024 was at 13.2%, decreased from 14.2% in Q1 2023 mainly due to higher sales, especially in February 2024, and the increase of gross profit margin from sales' ability to control discounts well. However, selling, marketing and administrative expenses increased to support future growth of the business locally and internationally.

Compared to Q4 2023, net profit attributable to shareholders of the company decreased by 8.0 million Baht or equivalent to 11.7%. Net profit margin in Q1 2024 was at 13.2%, decreased from 16.0% in Q4 2023 mainly due to increased selling, marketing and administrative expenses to support future growth of the business locally and internationally. Typically, the net profit in Q4 of the previous year would be greater than the net profit in Q1 of the current year.

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 in Q1 2024 with a value of 3.7 million Baht representing 72.2% of total finance cost. After the initial public offering (IPO) in October 2023, finance costs were reduced significantly. Interest expenses in Q1 2024 decreased from Q1 2023 and Q4 2023 by 59.0% and 23.1% respectively.

Analysis of Statement of Financial Position



1. Assets

As of 31 March 2024, the Company had total assets of 2,379.6 million Baht. The main assets of the Company consisted of (1) Goodwill, (2) Inventory, and (3) Right-of-use assets, which together accounted for 65.8% of the total asset value.

As of 31 March 2024, the Company's total assets increased 77.0 million Baht compared to the end of 2023 or 3.3% increase mainly from the increase of (1) inventory, which was the increase of the volume of finished products reserves to support sales growth, (2) right-of-use assets from branch expansion, and (3) cash and cash equivalents.

2. Liabilities

As of 31 March 2024, the Company's liabilities were 769.3 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 81.6% of total liabilities.

As of 31 March 2024, the Company's liabilities increased 16.1 million Baht compared to the end of 2023 or 2.1% mainly from an increase in liability under lease agreement following increasing stores and income tax payable, while trade and other payables reduced.

3. Shareholder's Equities

As of 31 March 2024, the Company's total shareholder's equities were at 1,610.3 million Baht increased 60.9 million Baht from 31 December 2023 as a result of higher retained earnings.