



Ref FN 018/2026

Management Discussion and Analysis
For operation of the first quarter of year 2026

FN Factory Outlet Public Company Limited was established in 2000, it distributes consumer products under the corporate brands. The Company's products are divided into apparels product under the brands; Inco, Inco Woman, Nippon, Sleep Mate and ETC the Company has also introduced additional brands, namely 37°C and Cheval Studio, as well as non-apparels products under the brands Tempsoft, Kumo, Rollica, Cherish, Prim, and Cushy. The Company has further expanded its brand portfolio with the introduction of Dream, Essential, and other trademarks. The company has 10 branches: Phetchaburi Branch, Kanchanaburi Branch, Pattaya Branch, Pak Chong Branch, Sing Buri Branch, Hua Hin Branch, Phra Nakhon Si Ayutthaya Branch, Chachoengsao Branch, Rayong Branch and Rama 9 Branch. Moreover, the company has online channels and marketplaces such as Facebook, Web commerce, FN application, Line official, Shopee, TikTok and Lazada.

Industry Overview

In the first quarter of 2026, the Thai economy continued to recover gradually, supported by private consumption, the recovery of the tourism sector, and improving domestic economic activities. Nevertheless, consumer purchasing power remained unevenly restored, while the high cost of living and elevated operating expenses continued to weigh on consumer confidence, leading to more cautious spending behavior.

For FN, both retail branch and online sales channels in the first quarter continued to be influenced by changing consumer behavior, with increasing emphasis on convenience and value for money. As a result, online channels continued to play a significant role in driving sales growth, while retail branches remained focused on enhancing customer experience and retaining the existing customer base. The Company closely monitored economic conditions and implemented strategies to improve sales efficiency across both retail and online channels, alongside prudent cost management, in order to mitigate economic volatility and support sustainable long-term growth.

Throughout the first quarter, the Company organized various promotional activities at its branches to attract customer interest during festive holiday periods, including Chinese New Year & Valentine Day campaigns, Summer Fast promotions, as well as customer appreciation events such as “Khong Thook Khao Sing” and the “Ayutthaya Warehouse Clearance Sale.” These activities created positive customer engagement and effectively stimulated sales during the period.

In March, “FN” further reinforced its success in the digital lifestyle business by receiving the “No.1 Best-Selling Emerging Brand of 2025” award in the Lifestyle Products category from TikTok Shop Mall. The



award represents a significant recognition of the brand’s capability in the era of Discovery Commerce, where content and commerce are seamlessly integrated.

The award ceremony was held on 24 March 2026 during the “TikTok Shop Awards 2026: ROAD TO THE TOP,” an event that brought together leading brands, creators, and partners nationwide to celebrate outstanding achievements on digital platforms. This award reflects FN’s successful transformation toward full-scale e-commerce operations. In 2025, the Company achieved remarkable sales growth through TikTok Shop Mall and rapidly became the number one brand in the lifestyle products category. This achievement was driven by FN’s marketing strategy focused on engaging younger consumers through the creation of high-quality content, live commerce activities, and effective collaborations with creators. These initiatives significantly enhanced brand awareness and continuously supported sales growth. Furthermore, the award from TikTok Shop Mall reaffirms consumer confidence in FN’s product quality and services, as well as the capability of the Company’s team in driving organizational growth amid intense competition in the e-commerce market.

This success marks another important milestone for FN in continuously strengthening its online sales channels while further enhancing customer experience, with the objective of maintaining market leadership and achieving sustainable growth in the future. It also reflects the Company’s commitment to elevating Thai brands onto the digital stage and strengthening its role on TikTok Shop, a key platform driving the modern digital economy.



FN





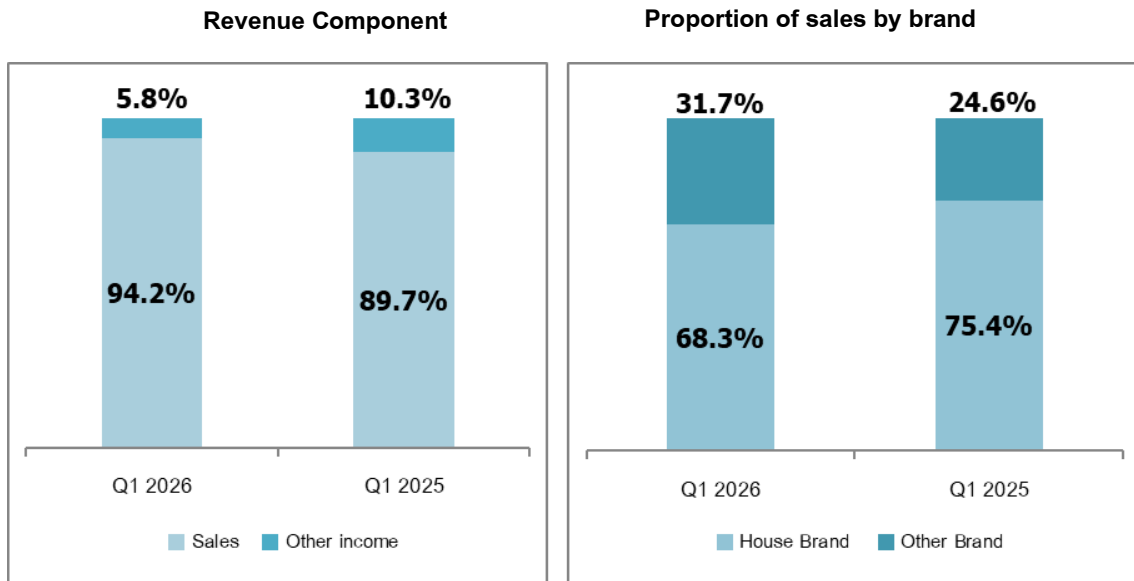
Performance Analysis

Unit : Million Baht	For the three-month period		Change	
	ended 31 March		Amount	%YoY
	2026	2025		
Revenue from sales	128.05	81.06	46.99	57.97
Other income	7.84	9.27	(1.44)	(15.47)
Total revenues	135.89	90.33	45.55	50.43
Cost of goods sold	68.60	49.31	19.29	39.11
Allowance for diminution in value of inventories	(5.60)	(8.99)	3.40	37.78
Selling expenses and administrative expenses	81.32	66.46	14.86	22.35
Selling expenses	57.19	36.95	20.24	54.77
Administrative expenses	24.13	29.51	(5.38)	(18.24)
Earnings before interest and taxes (EBIT)	(8.44)	(16.45)	8.01	48.71
Financial incomes	-	0.01	(0.01)	(100.00)
Financial costs	(0.32)	(0.02)	(0.30)	(1,301.62)
Financial costs - TFRS 16	(1.04)	(1.30)	0.26	20.24
Income tax expenses	(0.98)	3.51	(4.49)	(127.94)
Net profit (loss)	(10.78)	(14.24)	3.47	24.35
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1.01	(6.64)	7.65	115.29

Key financial ratio related with operating result (%)	For the three-month period		Change
	ended 31 March		
	2026	2025	%YoY
Gross profit margin from sales (%)	50.80	50.26	0.54
Selling expenses and administrative expenses to total revenue (%)	59.85	73.58	(13.73)
Net profit margin (%)	(7.93)	(15.77)	7.84



1. Total Revenue



The Company's revenue from sales for the first quarter of 2026 amounted to 128.05 million baht, representing an increase of 57.97 percent compared to the corresponding period of 2025. The increase was primarily attributable to growth in both online sales channels and branch operations.

The Company's other income for the first quarter of 2026 amounted to 7.84 million baht, representing a decrease of 15.47 percent compared to the corresponding period of 2025.

2. Cost of goods sold and gross profit

The gross profit margin from sales for the first quarter of 2026 was 50.80 percent, representing an increase of 0.54 percentage points compared to the corresponding period of 2025. The improvement was attributable to the Company's more effective management and optimization of maximum margins.

3. Selling and administrative expenses

Selling and administrative expenses for the first quarter of 2026 amounted to 81.32 million baht, representing an increase of 22.35 percent compared to the corresponding period of 2025. The increase was mainly attributable to higher selling expenses in line with the growth in sales revenue. Meanwhile, the management continued to effectively control selling expenses and implement ongoing cost-saving measures for administrative expenses to enhance operational efficiency.

The ratio of selling and administrative expenses to total revenue for the first quarter of 2026 was 59.85 percent, representing a decrease of 13.73 percentage points compared to the corresponding period of 2025.



The decrease was primarily attributable to the Company's effective control and management of selling expenses, resulting in improved operational efficiency.

4. Net Loss and Net Loss Margin

The Company reported a net loss for the first quarter of 2026 amounting to 10.78 million baht, representing a decrease in net loss of 3.47 million baht compared to the corresponding period of 2025. The improvement was primarily attributable to the increase in sales revenue.

The Company reported positive earnings before interest, taxes, depreciation, and amortization (EBITDA) for the three-month period, amounting to 1.01 million baht.

Furthermore, the Company has established its business direction and operational targets for 2026 with a focus on strengthening and enhancing the efficiency of its revenue-generating channels to support long-term business growth. The Company has formulated strategies to generate revenue through both online and offline channels, alongside the improvement and development of existing products as well as the introduction of new products under the Company's own brands, with the objective of reinforcing brand strength and creating clearer product positioning in the market.

The Company's operational strategies are as follows:

1) Revenue Generation through Online Channels

The Company continues to place significant emphasis on expanding revenue through online channels, with key focus on major platforms including Shopee, Lazada, and TikTok, which serve as important channels for reaching target customers and increasing sales opportunities. In addition, the Company plans to further enhance marketing communications efficiency through the development of product-related content and advertising campaigns to increase brand awareness and provide more comprehensive product information to consumers via various social media platforms, including Facebook, Instagram, and YouTube. These efforts are intended to effectively respond to continuously evolving consumer behaviors and demands.

Moreover, the Company aims to strengthen customer engagement across each platform by increasing the frequency of Live Commerce activities on TikTok and Shopee. Product categories and live hosts will be carefully selected to align with the target audience of each product segment, thereby improving communication effectiveness and customer engagement. This strategy will support real-time two-way communication between sellers and consumers, facilitate faster purchasing decisions, and improve the Company's ability to effectively reach consumers.

2) Revenue Generation through Offline Channels

2.1) Retail Branches



Currently, FN operates 10 retail branches and has plans to continuously renovate and develop its branches in order to enhance brand image and increase the attractiveness of sales areas. Such developments include improvements to exterior spaces, the enhancement of interior layouts through a “Shop in Shop” concept, as well as the careful selection and merchandising of products suitable for target customer groups.

The Company aims to develop branch spaces into Mixed Use Spaces or integrated commercial areas capable of effectively accommodating premium and luxury brands. One of the Company’s key strengths is its ability to maintain the image and positioning of partner brands, even when products are offered at discounted prices or under promotional campaigns such as “Best Deals” The Company places strong emphasis on customer experience to ensure that customers receive products from leading brands while maintaining premium brand image and quality standards.

Accordingly, in addition to focusing on product quality, the Company also prioritizes service quality improvement and in-store atmosphere enhancement in order to elevate customer experience and maximize customer satisfaction.

2.2) Rental Space Services

Following continuous operations in 2025, the Company adjusted its business model by focusing on branch space development and renovation, together with providing rental spaces for restaurant operators, retail businesses, and other service providers. This initiative aims to maximize space utilization efficiency and create new recurring revenue streams for the Company.

The Company emphasizes the design and management of each branch space to align with the characteristics and customer needs of each location, enabling comprehensive and efficient service offerings. Furthermore, these developments increase opportunities for collaboration with new business partners, resulting in a continuous increase in strategic partnerships.

For 2026, the Company aims to complete branch space improvements across all locations in order to accommodate new tenants, maximize space utilization potential, and support sustainable growth in rental income.

2.3) Business-to-Business (B2B) Sales Channel

The Company focuses on expanding its Business-to-Business (B2B) sales channel through direct sales to organizations and corporate clients. One of the key product categories prioritized by the Company is corporate uniforms. The Company is committed to developing high-quality products that meet appropriate standards while maintaining competitive pricing to effectively address organizational needs in terms of quality, value, and corporate image.



In addition, the Company provides design and corporate image development services through uniforms and related products tailored to reflect the identity and culture of each organization. These services help employees clearly represent organizational identity while enhancing credibility and professionalism among customers and stakeholders. The B2B sales channel is regarded as one of the Company's increasingly important strategic growth drivers, given its strong potential to generate stable revenue and expand the corporate customer base over the long term.

For 2026, the Company aims to further expand product and service offerings to organizations across various industries by emphasizing quality products at competitive prices in order to continuously and sustainably grow revenue from corporate customers.

3) Product Management

"FN Outlet" aims to become the "Destination for Best Deals" by focusing on the selection of products, brands, pricing, quality, and designs that effectively meet customer needs through both online and offline channels. This approach is intended to create a highly valuable and quality shopping experience for customers and forms part of the Company's key strategy for sustainable business growth.

The Company focuses on sourcing and offering "Best Deals" to customers through three primary product groups as follows:

3.1) Top Brands

This category consists of internationally recognized leading brands that the Company carefully selects and distributes. The Company focuses on sourcing high-quality products with global recognition and offering them to customers at attractive prices in order to maximize value and customer satisfaction under the "Best Deals" concept.

3.2) Mass Brands

This category consists of products designed to meet the needs of a broad customer base and the mass market segment. The Company aims to expand collaboration with business partners across both Top Brands and Mass Brands categories to jointly create "Best Deals" campaigns with more than 100 brands. This initiative will increase product variety and provide customers with broader choices in terms of brands, quality, and price ranges.

3.3) Products under the Company's Brands (FN Brand)

Products under the Company's own brands represent one of the key differentiating factors that strengthen the Company's business. In 2026, the Company places strong emphasis on Research and



Development (R&D) to enhance products across all dimensions, including innovation, design, branding, functionality, product quality, and value for use, in order to effectively meet customer needs.

Furthermore, the Company plans to establish a clearer brand portfolio structure to strengthen the identity of each brand and improve communication efficiency with target customers. Examples include Tempsoft innovative products, Kumo mother and baby products, Rollica luggage products, 37°C Cheval Studio apparel products, and Prim Cherish Cushy Dream Essential bedding and home living products. These initiatives will strengthen the Company's proprietary brands, enhance competitiveness in the market, and serve as another key driver supporting the Company's long-term sustainable growth.

Financial Position Analysis

Unit : Million Baht	As at		Change	
	31 March 2026	31 December 2025	MB	%
Cash and cash equivalents	30.73	39.22	(8.49)	(21.65)
Trend and other receivables	18.81	16.50	2.31	14.00
Inventories	158.01	153.02	4.99	3.26
Other non-current financial assets	100.70	124.24	(23.54)	(18.95)
Property, plant and equipment	643.73	652.01	(8.28)	(1.27)
Right-of-use assets	83.33	84.87	(1.54)	(1.81)
Other assets	62.48	54.85	7.63	13.91
Total assets	1,097.79	1,124.71	(26.92)	(2.39)
Bank overdrafts and short-term loans from financial institutions	23.43	31.00	(7.57)	(24.42)
Accounts payable	81.67	86.59	(4.92)	(5.68)
Lease liabilities	98.07	99.86	(1.79)	(1.79)
Other liabilities	19.53	18.74	0.79	4.22
Total liabilities	222.70	236.19	(13.49)	(5.71)
Total shareholders' equity	875.09	888.52	(13.43)	(1.51)
Total liabilities and shareholders' equity	1,097.79	1,124.71	(26.92)	(2.39)

1. Assets

Total assets as of 31 March 2026 amounted to 1,097.79 million baht, representing a decrease of 26.92 million baht from the end of 2025. The decrease was primarily attributable to a reduction in other non-current financial assets, as well as cash and cash equivalents.



2. Liabilities

Total liabilities as of 31 March 2026 amounted to 222.70 million baht, representing a decrease of 5.92 million baht from the end of 2025. The decrease was mainly due to reductions in bank overdrafts and trade payables.

3. Shareholders' equity

Shareholders' equity as of 31 March 2026 amounted to 875.09 million baht, representing a decrease of 13.43 million baht from the end of 2025. The decrease was primarily attributable to the net loss incurred during the period.

Key Financial Ratio Analysis

	As at 31 March 2026	As at 31 December 2025	Change Increase/ (Decrease)	Reason
Liquidity Ratio (times)	2.18	1.91	0.28	Increased from a decrease in current liabilities due to payment during the period.
Quick Ratio (times)	0.437	0.444	(0.007)	Decreased from the decreasing of cash and cash equivalents.
Return on Equity (%)	(6.96)	(7.25)	0.29	Increased due to the reduction in net loss compared to the previous period.
Debt-to-Equity Ratio (Times)	0.254	0.266	(0.011)	Decreased as a result of the decrease in in current liabilities, particularly bank overdrafts and trade payables, as well as, shareholders' equity declined to a greater extent due to the net loss incurred during the period.

For more information, please contact:

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