Ref FN 021/2026

Management Discussion and Analysis

For operation of the second 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 second quarter of 2026, the Thai economy continued to expand, albeit at a slower pace compared with the same period of the previous year. The economic environment remained affected by global economic uncertainties, energy price volatility, and a slowdown in global trade. These factors continued to weigh on consumer spending, particularly discretionary and durable goods, while consumer purchasing power remained constrained by elevated household debt and persistently high living costs, despite ongoing government economic stimulus measures.

The retail sector remained highly competitive, with operators focusing on promotional campaigns, inventory management, cost optimization, and the development of both offline and online sales channels to stimulate consumer demand, enhance operational efficiency, and maintain market share. Consumers continued to prioritize value for money, supporting demand for quality products at competitive prices. Thailand's tourism sector remained a key driver of consumption, particularly in major tourist destinations and key travel routes. Retail stores and shopping centers in certain areas benefited from spending by both domestic and international tourists. Nevertheless, tourist arrivals from certain markets remained below their full recovery potential.

Against this backdrop, FN continued to focus on efficient inventory and cost management, product selection aligned with customer demand, ongoing promotional activities, and enhanced branch management efficiency to maintain competitiveness and respond to variations in purchasing power across different locations. In addition, the Company continued to enhance the customer shopping experience through store format improvements, a broader product assortment, and greater integration of online and offline sales channels. These initiatives were aimed at responding to evolving consumer behavior and supporting sustainable long-term growth.

During the second quarter of 2026, FN continued to implement promotional activities to stimulate consumer spending and increase customer traffic and purchase frequency. Key initiatives included discount campaigns, in-store promotional events, multi-buy offers, buy-one-get-one-free promotions, special purchase offers, and promotional gifts subject to specified purchase conditions. The Company also conducted targeted promotional activities for bedding products, consumer goods, and its food and beverage offerings. These initiatives formed part of the Company's sales strategy to drive revenue, increase average transaction value, expand sales of House Brand and partner-brand products, and strengthen brand awareness and customer engagement throughout the quarter.

Second Quarter Activities


FN
MID-YEAR SALE
HALF
TIME
HALF
PRICE
จบครึ่งปี จ่ายครึ่งเดียว
08 JUN - 05 JUL 2026


MID-YEAR SALE
HALF
TIME
HALF
PRICE
จบครึ่งปี จ่ายครึ่งเดียว
FN
HALF
TIME PICKS
ดีล
ห้ามพลาด
FN ทุกสาขา
08 JUN - 05 JUL 2026


FN
ดีลโคตรเย็น
สะเทือนปากช่อง
40 %
รีบช้อปก่อนหมดโปร
80 SALE UP TO %
วันนี้ - 20 เม.ย. 69 | FN ปากช่อง-เขาใหญ่


FN
ฉะเชิงเทรา ฉะเชิงเซลล์
30 เม.ย. – 10 พ.ค. 69 | FN ฉะเชิงเทรา
adidas
adidas
CONVERSE
SKECHERS
KAPORAL
lotto
Henney Bear LONDON
diadora
L'ORÉAL PARIS
THULE
WARRIX
RIKA
Guy Laroche PARIS
ELLE
bsc
FLYNOW
TEMP'soft
ROLLICA
KUMO
INCO
CHEVAL STUDIO
PRIM
dream
CUSHY
80 SALE UP TO %
เริ่มเซลล์แล้ววันนี้
CHACHOENGSAO CLEARANCE SALE

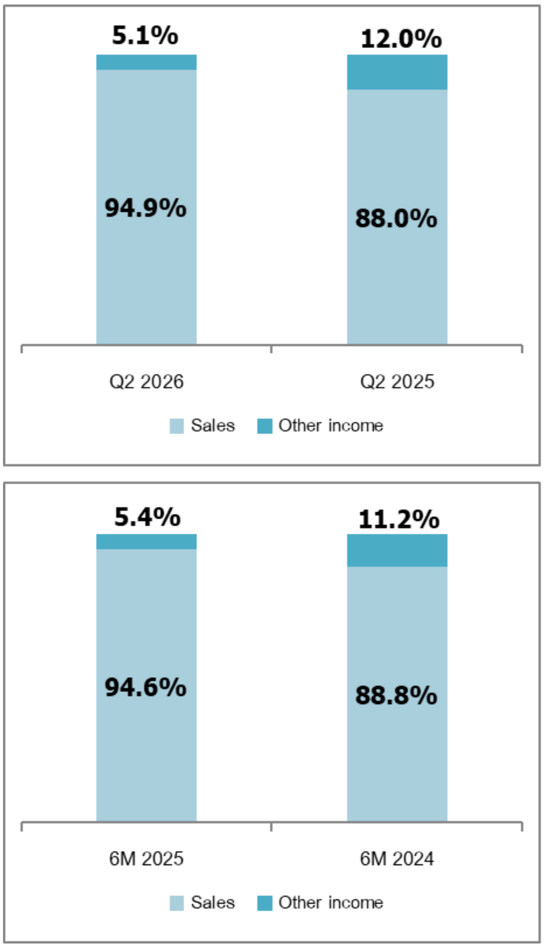
Performance Analysis

Unit : Million Baht	For the three-month period ended 30 June		Change		For the six-month period ended 30 June		Change	
	2026	2025	Amount	%YoY	2026	2025	Amount	%YoY
Revenue from sales	154.18	88.15	66.03	74.90	282.22	169.21	113.01	66.79
Other income	8.26	12.05	(3.80)	(31.50)	16.09	21.33	(5.23)	(24.53)
Total revenues	**162.43**	**100.20**	**62.23**	**62.10**	**298.32**	**190.53**	**107.78**	**56.57**
Cost of goods sold	80.49	54.06	26.42	48.87	149.08	103.37	45.71	44.22
Allowance for diminution in value of inventories	(3.71)	(9.25)	5.53	59.85	(9.31)	(18.24)	8.93	48.97
Selling expenses and administrative expenses	104.20	67.86	36.34	53.56	185.52	134.32	51.20	38.12
Seling expenses	75.22	39.29	35.94	91.48	132.42	76.24	56.18	73.69
Administrative expenses	28.98	28.57	0.40	1.41	53.10	58.08	(4.98)	(8.57)
Earnings before interest and taxes (EBIT)	**(18.54)**	**(12.47)**	**(6.07)**	**(48.65)**	**(26.98)**	**(28.92)**	**1.94**	**6.72**
Financial incomes	0.03	0.03	-	-	0.03	0.05	(0.01)	(31.11)
Financial costs	(0.29)	(0.17)	(0.11)	(66.47)	(0.61)	(0.20)	(0.42)	(212.27)
Financial costs - TFRS 16	(1.02)	(1.28)	0.26	20.19	(2.06)	(2.58)	0.52	20.21
Income tax expenses	(0.58)	(7.28)	6.70	92.02	(1.56)	(3.77)	2.21	58.53
Net profit (loss)	**(20.40)**	**(21.17)**	**0.77**	**3.64**	**(31.18)**	**(35.42)**	**4.24**	**11.97**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**(6.60)**	**(5.99)**	**(0.61)**	**(10.15)**	**(5.59)**	**(12.64)**	**7.05**	**55.78**

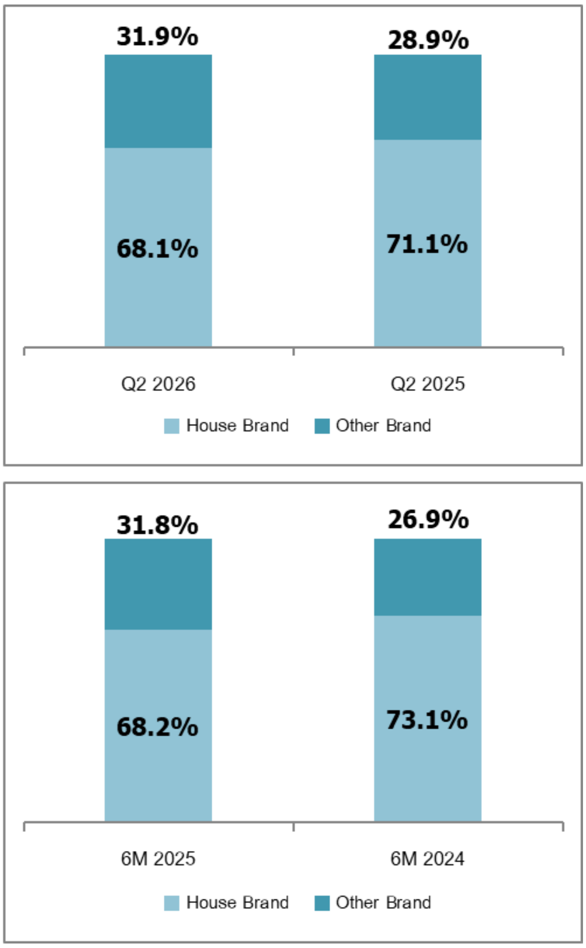
Key financial ratio related with operating result (%)	For the three-month period ended 30 June		Change	For the six-month period ended 30 June		Change
	2026	2025	%YoY	2026	2025	%YoY
Gross profit margin from sales (%)	50.20	49.16	1.05	50.47	49.69	0.79
Selling expenses and administrative expenses to total revenue (%)	64.15	67.72	(3.57)	62.19	70.50	(8.31)
Net profit margin (%)	(12.56)	(21.13)	8.57	(10.45)	(18.59)	8.14

1. Total Revenue

Revenue Component



Proportion of sales by brand



In the second quarter of 2026, the Company recorded sales revenue of Baht 154.18 million, representing an increase of 74.90 percent, while sales revenue for the six-month period ended June 30, 2026 amounted to Baht 282.22 million, an increase of 66.79 percent compared with the corresponding periods of 2025. The growth was driven by increased sales through both online channels and retail branches.

Other income for the second quarter of 2026 amounted to Baht 8.26 million, a decrease of 31.50 percent, while other income for the six-month period ended June 30, 2026 amounted to Baht 16.09 million, a decrease of 24.53 percent compared with the corresponding periods of 2025. The decrease was primarily attributable to a gain recognized in the previous year from the termination of the Sriracha land lease agreement, following the accounting treatment under TFRS 16.

2. Cost of goods sold and gross profit

The gross profit margin on sales for the second quarter of 2026 was 50.20 percent, an increase of 1.05 percentage points, while the gross profit margin for the six-month period ended June 30, 2026 was 50.47 percent, an increase of 0.79 percentage points compared with the corresponding periods of 2025. The improvement was primarily attributable to the Company's improved margin management.

3. Selling and administrative expenses

Selling and administrative expenses for the second quarter of 2026 amounted to Baht 104.20 million, an increase of 53.56 percent, while selling and administrative expenses for the six-month period ended June 30, 2026 amounted to Baht 185.52 million, an increase of 38.12 percent compared with the corresponding periods of 2025. The increase was mainly driven by higher selling expenses in line with the significant growth in sales. Meanwhile, management continued to focus on efficient expense management and implemented ongoing cost-saving measures for administrative expenses.

The ratio of selling and administrative expenses to total revenue for the second quarter of 2026 were 64.15 percent, a decrease of 3.57 percentage points, while the ratio for the six-month period ended June 30, 2026 was 62.19 percent, a decrease of 8.31 percentage points compared with the corresponding periods 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 recorded a net loss of Baht 20.40 million in the second quarter of 2026, representing a decrease in net loss of Baht 0.77 million compared with the corresponding period of 2025. For the six-month period ended June 30, 2026, the Company recorded a net loss of Baht 31.18 million, representing a decrease in net loss of Baht 4.24 million compared with the corresponding period of 2025. The improvement was primarily attributable to higher sales.

The Company reported negative earnings before interest, taxes, depreciation, and amortization (EBITDA) for the six-month period, amounting to Baht 5.59 million.

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	
	30 June 2026	31 December 2025	MB	%
Cash and cash equivalents	12.34	39.22	(26.88)	(68.54)
Trend and other receivables	18.61	16.50	2.11	12.79
Inventories	154.15	153.02	1.13	0.74
Other non-current financial assets	102.44	124.24	(21.80)	(17.55)
Property, plant and equipment	635.67	652.01	(16.34)	(2.51)
Right-of-use assets	83.18	84.87	(1.69)	(1.99)
Other assets	64.51	54.85	9.66	17.61
Total assets	**1,070.90**	**1,124.71**	**(53.81)**	**(4.78)**
Bank overdrafts and short-term loans from financial institutions	30.14	31.00	(0.86)	(2.77)
Accounts payable	64.38	86.59	(22.21)	(25.65)
Lease liabilities	97.74	99.86	(2.12)	(2.12)
Other liabilities	22.54	18.74	3.80	20.28
Total liabilities	**214.80**	**236.19**	**(21.39)**	**(9.06)**
Total shareholders’ equity	**856.10**	**888.52**	**(32.42)**	**(3.65)**
Total liabilities and shareholders’ equity	**1,070.90**	**1,124.71**	**(53.81)**	**(4.78)**

1. Assets

Total assets as of 30 June 2026 amounted to Baht 1,070.90 million, representing a decrease of Baht 53.81 million from the end of 2025. The decrease was primarily attributable to lower cash and cash equivalents and other non-current financial assets.

2. Liabilities

Total liabilities as of 30 June 2026 amounted to Baht 214.80 million, representing a decrease of Baht 21.39 million from the end of 2025. The decrease was mainly attributable to lower trade payables in line with the payment cycle.

3. Shareholders’ equity

Shareholders’ equity as of 30 June 2026 amounted to Baht 856.10 million, representing a decrease of Baht 32.42 million from the end of 2025. The decrease was primarily attributable to the net loss incurred during the period.

FN

<u>**Key Financial Ratio Analysis**</u>

	As at 30 June 2026	As at 31 December 2025	Change Increase/ (Decrease)	Reason
Liquidity Ratio (times)	2.17	1.91	0.27	Increased from a decrease in current liabilities due to payment during the period.
Quick Ratio (times)	0.29	0.44	(0.15)	Decreased from the decreasing of cash and cash equivalents.
Return on Equity (%)	(7.03)	(7.25)	0.22	Increased due to the reduction in net loss compared to the previous period.
Debt-to-Equity Ratio (Times)	0.25	0.27	(0.02)	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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