Ref FN 024/2026

Management Discussion and Analysis

For operation of the third 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 third quarter of 2026, Thailand's economy showed signs of improvement compared to the previous quarter, supported by continued growth in merchandise exports in line with the global technology and Artificial Intelligence (AI) cycles, as well as private investment, particularly investment in machinery and equipment related to Data Center businesses. Meanwhile, private consumption improved across several categories of goods and services, partly supported by government economic stimulus measures. These factors contributed to a gradual recovery in overall economic activities and industrial production. Nevertheless, the Thai economy continued to face several challenges, particularly a slowdown in the tourism sector due to a decline in the number of foreign tourists, especially those from short-haul markets. In addition, the high cost of living and household debt burden continued to weigh on consumers' purchasing power, resulting in cautious spending behavior and an increasing emphasis on value for money when purchasing goods and services.

Meanwhile, the retail sector continued to face intense competition from modern trade operators, department stores, and e-commerce platforms. Retail operators have increasingly focused on promotional activities and the development of distribution channels to retain existing customers and capture additional revenue opportunities. Furthermore, changing consumer behavior, particularly the growing preference for online shopping, has required operators to adjust their business strategies to ensure effective integration between physical stores and online sales channels.

During the quarter, FN continued to focus on its core business of distributing high-quality products featuring innovation, attractive designs, and distinctive identities, particularly products under the Company's own brands as well as other brands. The Company also continued to emphasize strategic partnerships with various brands to offer consumers greater product variety, differentiation, and value for money under its "Best

Deals" policy. In addition, the Company remained committed to strengthening its brands to better meet consumer needs while maintaining price competitiveness. The Company also continued to enhance the operational efficiency of its retail branches and online channels to expand its customer base and create additional revenue opportunities. This included improving inventory management and implementing promotional activities in line with evolving consumer purchasing behavior. Given the fragile purchasing power amid the prevailing economic conditions, the Company focused on offering quality products at appropriate prices, together with promotional campaigns to stimulate purchasing decisions, drive sales, retain existing customers, and attract new customers. Furthermore, the Company placed importance on cost and operating expense management, inventory control, and the efficient utilization of resources to support revenue growth and enhance long-term profitability.

In addition, the Company continued to prioritize the development and enhancement of its TEMPsoft 3D Orthopedics pillow products, with a focus on addressing consumers' needs for health and sleep quality. The Company sought to differentiate its products by incorporating academic research and test results into its product development process. In this regard, the Company collaborated with the Faculty of Medicine, King Mongkut's Institute of Technology Ladkrabang (KMITL), to conduct an experimental study evaluating the performance of Tempsoft pillows. The study compared sleep outcomes and user satisfaction between participants using Tempsoft pillows and those using conventional pillows, with the objective of examining the effects of pillow design and characteristics on users' sleeping experiences. Preliminary findings from the study participants indicated favorable trends in sleep-related outcomes when using TEMPsoft pillows, including a reduction in the average time required to fall asleep, an increase in average deep sleep duration, and an increase in average total sleep duration. In terms of user satisfaction, questionnaire-based assessments showed that TEMPsoft pillows achieved a higher average satisfaction score than conventional pillows, with the difference being statistically significant. The assessment covered various aspects, including comfort, pillow shape and support for the head and neck, suitability for changing sleeping positions, as well as product material quality and texture. This study forms part of the Company's product development strategy, which emphasizes the use of experimental data and consumer feedback to continuously improve product quality and credibility, differentiate its products, and enhance the value of its own-brand products. These initiatives are expected to strengthen the Company's competitiveness and support long-term business growth. Furthermore, the Company undertook marketing and public relations activities to promote the Tempsoft brand through the television program "Kammakorn Khao". This initiative represents one of the Company's marketing approaches to enhancing brand awareness and expanding consumer reach through a media platform with broad audience coverage.

Additionally, the Company conducted marketing and public relations activities to promote products under the KUMO brand by participating as a sponsor of the Grand Opening of the New Zone at Plearn Ground and the "Mother Class" educational sessions for new parents held at Kasemrad International Hospital and Chaophya Hospital. These activities were designed to provide knowledge and prepare expectant parents and their families for parenthood, with medical specialists and experts sharing information on healthcare and

childcare preparation. As part of its participation, the Company provided KUMO-branded products, including alcohol sprays and air freshener sprays, to support these activities and promote products related to hygiene and the home environment. The initiatives were specifically designed to reach expectant mothers and families, who represent the target consumer segments for these products. These activities form part of the Company's marketing strategy to strengthen brand awareness, expand access to target customer groups, and build positive relationships with consumers through participation in socially beneficial activities. They also aim to enhance the KUMO brand image and support future market expansion opportunities.

Third Quarter Activities









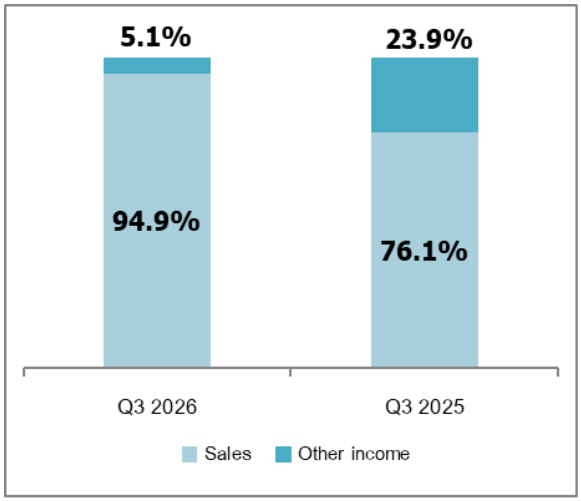
Performance Analysis

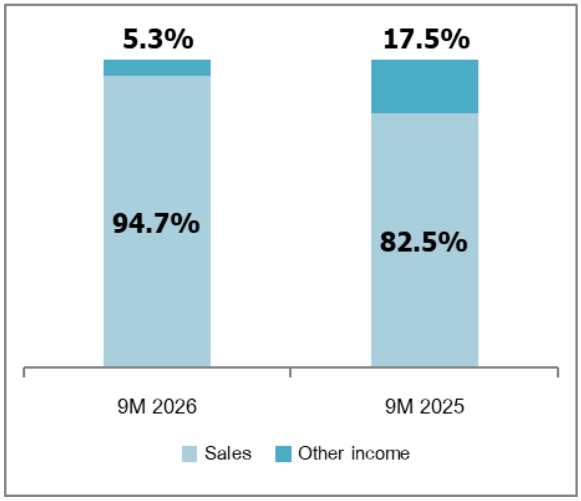
Unit : Million Baht	For the three-month period ended 30 September		Change		For the nine-month period ended 30 September		Change	
	2026	2025	Amount	%YoY	2026	2025	Amount	%YoY
Revenue from sales	148.75	140.01	8.74	6.24	430.98	309.22	121.75	39.37
Gain on sales of investment in debt securities	-	34.51	(34.51)	(100.00)	-	34.51	(34.51)	(100.00)
Other income	7.97	9.53	(1.57)	(16.42)	24.06	30.86	(6.80)	(22.02)
Total revenues	**156.72**	**184.06**	**(27.34)**	**(14.85)**	**455.04**	**374.59**	**80.44**	**21.47**
Cost of goods sold	82.33	91.72	(9.38)	(10.23)	231.42	195.09	36.32	18.62
Allowance for diminution in value of inventories	(7.61)	(8.11)	0.49	6.07	(16.92)	(26.34)	9.42	35.77
Selling expenses and administrative expenses	101.08	79.69	21.40	26.85	286.60	214.01	72.59	33.92
Seling expenses	76.75	50.73	26.02	51.28	209.17	126.97	82.19	64.73
Administrative expenses	24.33	28.95	(4.62)	(15.96)	77.43	87.03	(9.60)	(11.03)
Earnings before interest and taxes (EBIT)	**(19.08)**	**20.76**	**(39.84)**	**(191.89)**	**(46.06)**	**(8.16)**	**(37.90)**	**(464.56)**
Financial incomes	0.00	0.02	(0.01)	(93.33)	0.03	0.06	(0.03)	(46.67)
Financial costs	(0.42)	(0.16)	(0.26)	(163.42)	(1.03)	(0.35)	(0.67)	(190.42)
Financial costs - TFRS 16	(0.94)	(1.09)	0.16	14.44	(2.99)	(3.67)	0.68	18.49
Income tax expenses	(3.23)	(34.35)	31.12	90.60	(4.79)	(38.12)	33.33	87.43
Net profit (loss)	**(23.66)**	**(14.83)**	**(8.83)**	**(59.57)**	**(54.84)**	**(50.24)**	**(4.59)**	**(9.14)**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**(11.64)**	**30.76**	**(42.40)**	**(137.85)**	**(17.23)**	**18.13**	**(35.36)**	**(195.06)**

Key financial ratio related with operating result (%)	For the three-month period ended 30 September		Change	For the nine-month period ended 30 September		Change
	2026	2025	%YoY	2026	2025	%YoY
Gross profit margin from sales (%)	49.77	40.28	9.49	50.23	45.43	4.80
Selling expenses and administrative expenses to total revenue (%)	64.50	43.29	21.20	62.98	57.13	5.85
Net profit margin (%)	(15.10)	(8.06)	(7.04)	(12.05)	(13.41)	1.36

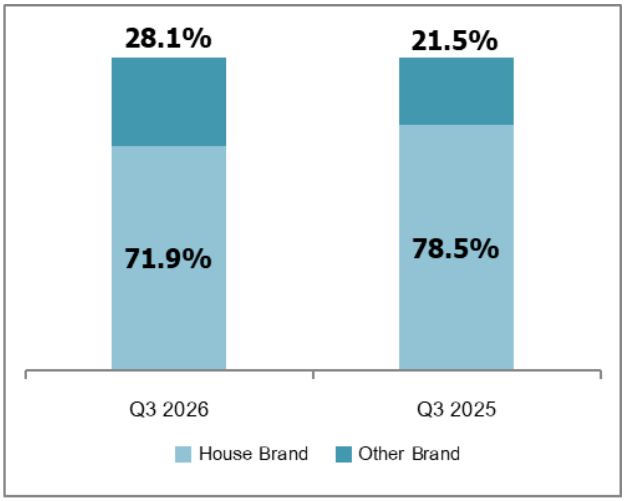
1. Total Revenue

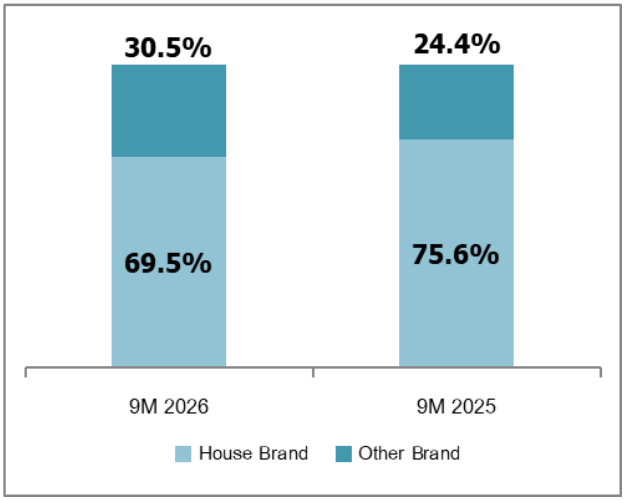
Revenue Component





Proportion of sales by brand





In the third quarter of 2026, the Company recorded sales revenue of Baht 148.75 million, representing an increase of 6.24 percent, while sales revenue for the nine-month period ended September 30, 2026 amounted to Baht 430.98 million, an increase of 39.37 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 third quarter of 2026 amounted to Baht 7.97 million, a decrease of 16.42 percent, while other income for the nine-month period ended September 30, 2026 amounted to Baht 24.06 million, a decrease of 22.02 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 third quarter of 2026 was 49.77 percent, an increase of 9.49 percentage points, while the gross profit margin for the nine-month period ended September 30, 2026 was 50.23 percent, an increase of 4.80 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 third quarter of 2026 amounted to Baht 101.08 million, an increase of 26.85 percent, while selling and administrative expenses for the nine-month period ended September 30, 2026 amounted to Baht 286.60 million, an increase of 33.92 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 third quarter of 2026 were 64.50 percent, a increase of 21.20 percentage points, while the ratio for the nine-month period ended September 30, 2026 was 62.98 percent, a increase of 5.85 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 23.66 million in the third quarter of 2026, representing a increase in net loss of Baht 8.83 million compared with the corresponding period of 2025. For the nine-month period ended September 30, 2026, the Company recorded a net loss of Baht 54.84 million, representing a increase in net loss of Baht 4.59 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 nine-month period, amounting to Baht 17.23 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 September 2026	31 December 2025	MB	%
Cash and cash equivalents	13.86	39.22	(25.36)	(64.66)
Trend and other receivables	22.54	16.50	6.04	36.61
Inventories	157.06	153.02	4.04	2.64
Other non-current financial assets	83.81	124.24	(40.43)	(32.54)
Property, plant and equipment	627.59	652.01	(24.42)	(3.75)
Right-of-use assets	82.37	84.87	(2.50)	(2.95)
Other assets	50.91	54.85	(3.94)	(7.18)
Total assets	**1,038.14**	**1,124.71**	**(86.57)**	**(7.70)**
Bank overdrafts and short-term loans from financial institutions	35.76	31.00	4.76	15.35
Accounts payable	56.92	86.59	(29.67)	(34.26)
Lease liabilities	93.39	99.86	(6.47)	(6.48)
Other liabilities	20.16	18.74	1.42	7.58
Total liabilities	**206.23**	**236.19**	**(29.96)**	**(12.68)**
Total shareholders' equity	**831.91**	**888.52**	**(56.61)**	**(6.37)**
Total liabilities and shareholders' equity	**1,038.14**	**1,124.71**	**(86.57)**	**(7.70)**

1. Assets

Total assets as of 30 September 2026 amounted to Baht 1,038.14 million, representing a decrease of Baht 86.57 million from the end of 2025. The decrease was mainly attributable to reductions in other non-current financial assets, cash and cash equivalents, and property, plant and equipment.

2. Liabilities

Total liabilities as of 30 September 2026 amounted to Baht 206.23 million, representing a decrease of Baht 29.96 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 September 2026 amounted to Baht 831.91 million, representing a decrease of Baht 56.61 million from the end of 2025. The decrease was primarily attributable to the net loss incurred during the period.

Key Financial Ratio Analysis

	As at 30 September 2026	As at 31 December 2025	Change Increase/ (Decrease)	Reason
Liquidity Ratio (times)	2.29	1.91	0.38	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 (%)	(8.29)	(7.25)	(1.05)	Decreased due to an increase in net loss compared to the previous period.
Debt-to-Equity Ratio (Times)	0.25	0.27	(0.01)	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.

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