Moshi Moshi Retail Corporation Public Company Limited

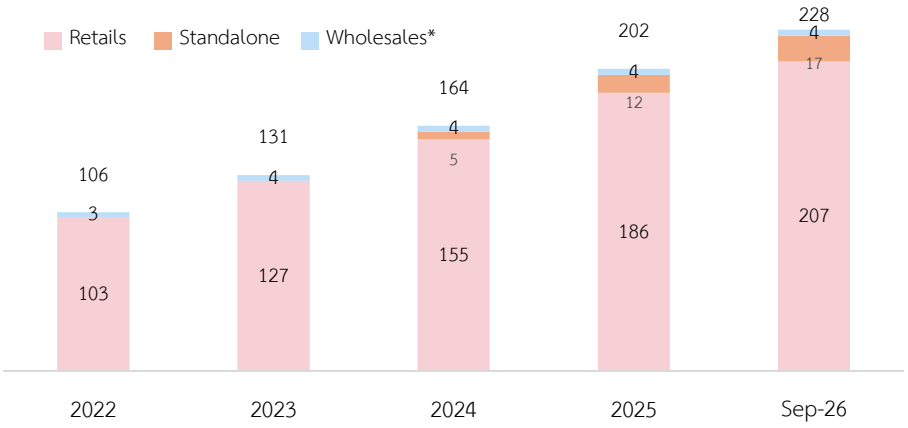
Management Discussion and Analysis

(MD&A) Quarter 3/2026



Business Overview

Moshi Moshi Retail Corporation Public Company Limited (the company) is a retail business dedicated to creating exquisitely designed products that stand out for their design, refinement, and quality at affordable consumer prices, aiming to deliver happiness to customers every day. The company offers a diverse range of lifestyle products covering home furnishing, plush toys, stationery, clothing, bags, fashions, beauty, cosmetics, IT accessories, toys, snacks, pet accessories, and other categories that present popular products according to consumer demands. The Company primarily targets consumers aged 13–35 years, comprising students and working professionals, with secondary target groups consisting of children aged 6–12 years and working adults aged 35–50 years.



Total number of branches as of 30 September 2026
*There are 4 wholesale branches in total: 2 under Moshi Moshi, 1 Giant and 1 The OK Station.

As of 30 September 2026, the Company operated a total of 228 branches: 222 Moshi Moshi stores (17 of them standalone), 4 Garlic stores, 1 Giant store and 1 The OK Station store. These branches cover 69 provinces across Thailand, in both Bangkok and other provinces. They operate through a range of retail channels, including department stores, leading shopping centers, community malls, hypermarkets and locations outside shopping malls. This shows the Company's ability to reach a wide range of consumers across the country and the strong response from customers nationwide. The Company also plans to open more standalone stores in the future to meet customer demand and keep the business growing.

Global and Thai Economy in Q3/2026 and Retail Business Outlook for 2026

The global economy slowed in Q3 2026 as the war in the Middle East triggered an energy crisis. The IMF projects global growth of 3.1% in 2026, with the average crude oil price rising to USD 96 per barrel and global inflation at 4.7%. China's economy is expected to grow 4.5%, and the yuan has kept getting stronger. The yuan–baht exchange rate is about 5.01 baht per yuan, up roughly 9.4% over the year. As a result, the cost of lifestyle and functional products imported from China and paid for in yuan may rise by about 9–10% from the currency effect alone. That figure does not yet include higher freight costs caused by congestion at major ports, or the indirect effects of geopolitical factors and oil prices.

For the Thai economy, major agencies forecast GDP growth of 2.0–2.3% in 2026, below the potential rate of 2.7%. Growth is driven mainly by electronics exports and the "Thai Chuay Thai Plus" stimulus scheme. Phase 2 of the scheme continued in October–November, but the benefit was cut to 1,000 baht per person for the whole phase, down from 1,000 baht per month in Phase 1. The SCB Economic Intelligence Center (SCB EIC) notes that the recovery is uneven (a K-shaped recovery), and household debt is still 85.2% of GDP. Inflation is expected to peak at around 5% in October, pushed up by oil prices and by fresh food prices after the floods in the Central region. In addition, foreign tourist arrivals in the first nine months fell 3.8% to 23.2 million. This is weighing on sales at branches in city-center shopping malls and tourist destinations.

In the retail sector, the Thai Retailers Association expects the market to be worth about THB 4.38 trillion in 2026, up 3%. The Bank of Thailand expects full-year inflation of 2.8%, so real sales volume is likely to grow only slightly, if at all. The Association's survey found that consumers are shopping as often as before but spending less per receipt. Spending is concentrated on food and essentials, while durable goods and non-urgent items remain weak. Lifestyle products are discretionary purchases, so they are more price-sensitive than functional products used in daily life. Online sales have also grown from 6.0% of retail in 2019 to 23.5% in 2024, and Krungsri Research projects the e-commerce market will reach THB 910 billion in 2026. Similar Chinese products are sold directly through cross-border platforms, which makes it easy for consumers to compare prices. This further limits retailers' ability to set prices.

Because of this, the Company must manage two main risks. The first is higher product costs caused by the stronger yuan. The Company will closely monitor currency movements and plan its purchase orders accordingly. The second is weak purchasing power, which means the Company cannot raise selling prices right away to match higher costs. The Company will therefore raise its Average Selling Price (ASP) carefully and in steps, so that selling prices better reflect actual costs. At the same time, it will monitor how customers respond and keep inventory in line with sales during Q4.

Important Developments 3Q 2026

1. **Branch expansion:** In the third quarter of 2026, the Company kept growing its branch network and opened 10 new branches, all under the Moshi Moshi brand. One of them is a standalone store. This reflects the Company's strategy to grow its customer base and reach a wider range of consumers in every region of the country. As of 30 September 2026, the Company had 228 branches in 69 provinces across Thailand: 222 Moshi Moshi stores (17 of them standalone), 4 Garlic stores, 1 Giant store and 1 The OK Station store.
2. **Product and service development:** The Company keeps developing products that meet market demand while maintaining its quality standards and prices consumers can afford. In the third quarter of 2026, it rolled out several thousand new items across many product categories. These included the Huggie Bear collection, based on a character the Company created itself. They also included popular licensed collections such as Disney & Pixar's Toy Story and Sanrio's Hello Kitty, and the Moshi Moshi X Ease Around collection designed by a Thai artist. The Company also offered seasonal products for customers buying gifts for Mother's Day.
3. **Marketing and sales promotion:** In the third quarter of 2026, the Company introduced Billkin (Putthipong Assaratanakul) as the brand's first official presenter, under the concept "Moshi Moshi: Cuteness to Refill Every Day." The aim is to reach more people and grow the customer base through his fan base in Thailand and abroad. The Company also held the "Moshi Moshi, BILLKIN is Calling" event to show the brand's cheerful image and build brand loyalty. In addition, it ran a range of marketing activities in stores and online to get customers more engaged with its brand and products.

Overall, these activities reflect the Company's integrated marketing strategy, which combines brand presenters and influencers (Friend of Brand), digital marketing, and in-store and online activities. The goal is to build brand awareness and long-term customer attachment to the brand. This should bring more customers into the stores (customer traffic) and support the business's continued growth.



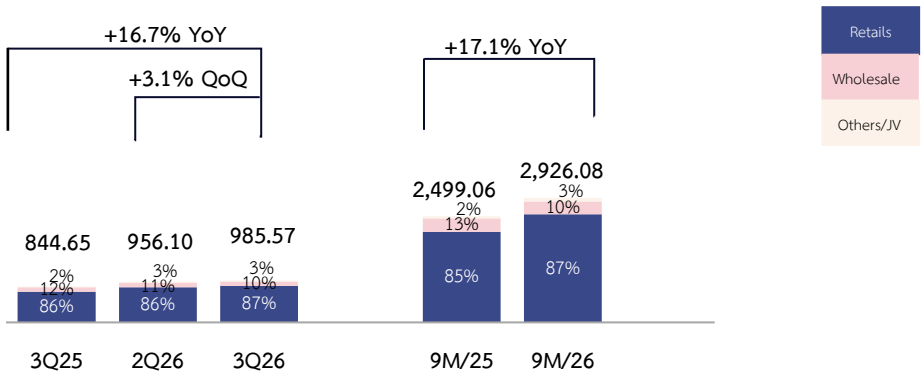
Financial Summary for the Quarter 3/2026 and for the 9-month period ended 30 September 2026

Operating Performance	Q3/25	Q2/26	Q3/26	Change +/-		9M/25	9M/26	Change +/-
Unit: Million THB				%YoY	%QoQ			%YoY
Operating Revenue	844.65	956.10	985.57	16.7%	3.1%	2,499.06	2,926.08	17.1%
Cost of Sales & Services	(374.46)	(416.58)	(436.62)	16.6%	4.8%	(1,116.17)	(1,283.47)	15.0%
Gross Profit	470.19	539.52	548.95	16.8%	1.7%	1,382.89	1,642.61	18.8%
Other income	4.96	3.33	3.23	(34.9%)	(3.0%)	13.65	10.49	(23.2%)
Selling expenses	(255.25)	(293.16)	(308.30)	20.8%	5.2%	(730.82)	(879.72)	20.4%
Administrative expenses	(32.47)	(33.53)	(33.50)	3.2%	(0.1%)	(88.91)	(98.73)	11.0%
Other gain(losses)-net	5.38	5.51	4.18	(22.3%)	(24.1%)	20.74	16.49	(20.5%)
Financial costs	(21.12)	(22.40)	(22.70)	7.5%	1.3%	(63.38)	(66.29)	4.6%
Profit before income tax	171.69	199.27	191.86	11.7%	(3.7%)	534.17	624.85	17.0%
Income Tax	(34.45)	(37.41)	(38.80)	12.6%	3.7%	(106.53)	(118.95)	11.7%
Net Profit	**137.24**	**161.86**	**153.06**	**11.5%**	**(5.4%)**	**427.64**	**505.90**	**18.3%**

Note: Number variations may occur due to decimal rounding conventions.

OPERATING REVENUE

THB: million



YoY: 3Q2026 VS 3Q2025

In Q3 2026, the Company's total operating revenue was THB 985.57 million, up THB 140.92 million (16.7%) from the same period last year. The increase came mainly from continued branch expansion, a steady flow of new products, and proactive marketing, including the launch of the brand's first presenter. In July and August, the market was lively thanks to the popularity of toy products and more tourists. In September, spending slowed as tourist numbers fell and floods hit late in the month, affecting both the retail and wholesale channels.

Retail business: Revenue was THB 859.52 million, or 87% of total operating revenue, up THB 138.02 million (19.1%). Growth came from 5.2% same-store sales growth and 39 net new branches, which took the number of Moshi Moshi branches from 183 to 222. New product launches and ongoing marketing activities also contributed.

Wholesale business: Revenue was THB 99.85 million, or 10% of total operating revenue, down THB 4.14 million (4.0%). This was mainly due to a significant drop in September sales caused by fewer tourists and the floods. Traffic problems from the bridge construction in front of The Platinum Fashion Mall also led tour operators to avoid the area. However, same-store sales in the wholesale business still grew in July and August, helped by busy trading in the Sampeng market and more tourists from the Middle East. This offset the impact of the construction during those months.

Other channels (online and warehouse sales): Revenue was THB 26.19 million, or 3% of total operating revenue, up THB 7.04 million (36.7%).

Same-store sales growth (SSSG) was 4.1%, down from 6.0% in Q3 2025, due to the September slowdown and a high sales base last year. Even so, SSSG stayed positive, which shows that demand for the Company's products remains healthy despite the economic slowdown. This was supported by new products that follow current trends, both licensed and non-licensed.

Joint venture: Moshi Moshi & Index Creative Village Project Development recognized no revenue this quarter.

Moshi Moshi Branch Expansion	3Q2025	2Q2026	3Q2026	9M2025	9M2026
No. Net Opened Branch	7	11	10	24	27
No. Net Closed Branch	-	-	-	-	(1) *
No. of Branch at the End of Period	183	212	222	183	222
Operating Revenue and SSSG					
Operating Revenue (THB: million)	844.65	956.10	985.57	2,499.06	2,926.08
Same Store Sales Growth	6.0	4.0	4.1	9.5	4.0

* In 1Q 2026, the Company closed 1 retail branch, namely the Tops Plaza Singburi branch, due to the mall's closure.

QoQ: 3Q2026 VS 2Q2026

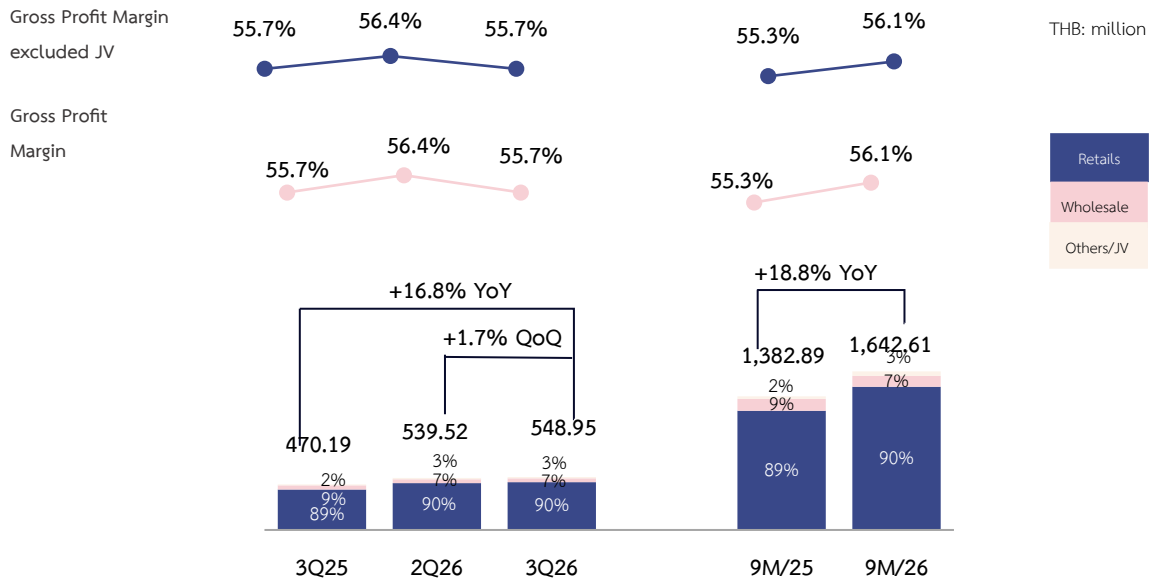
Compared with Q2 2026, the Company's operating revenue increased by THB 29.47 million, or 3.1%. The business as a whole was affected by fewer tourists and the flooding in September during the quarter, but the retail business remained the main growth driver. Retail revenue increased by THB 32.72 million, or 4.0%, from the opening of 10 new branches, including one standalone branch in Dan Nok, Songkhla Province. Revenue from other channels also increased by THB 0.86 million, or 3.4%, mainly from Warehouse Sales. This growth offset a THB 4.11 million, or 4.0%, decrease in wholesale revenue. The wholesale business was hit harder by these factors than the other businesses, and traffic problems from the bridge construction in front of Platinum Mall added to the decline. The Company has no plans to open new wholesale branches.

YoY: 9M2026 VS 9M2025

For the first nine months of 2026, the Company's operating revenue was THB 2,926.08 million, up THB 427.02 million (17.1%) from THB 2,499.06 million in the same period last year. This growth came mainly from same-store sales growth and planned branch expansion. At the end of the nine-month period, the Company had 222 Moshi Moshi retail branches, a net increase of 39 branches (21.3%) from 183 branches at the end of the same period last year. This lets the Company reach more customers across the country.

The Company also kept growing by developing products that match consumer demand. It launches more than 1,000 new items a month on average, which encourages customers to come back and buy again. The Company has also renovated and modernized its stores to suit the lifestyle of its target customers, strengthening the brand image and improving the shopping experience. It will keep expanding branches as planned, while continuing to develop its products and store formats to support growth and reach more customers nationwide.

GROSS PROFIT AND GROSS PROFIT MARGIN



YoY: 3Q2026 VS 3Q2025

In Q3 2026, the Company's gross profit was THB 548.95 million, up THB 78.76 million (16.8%) from the same period last year. The Company kept its gross profit margin at 55.7%, the same level as last year, despite pressure from the yuan strengthening by about 8%. This was partly because the share of imported products, which carry higher gross margins, stayed close to last year's level at 64%.

The Company closely monitors exchange rate movements and manages advance purchasing together with its product mix. It is also carefully considering price adjustments for selected products, taking into account its competitiveness, market conditions, and customers' purchasing power. These measures aim to reduce the impact of exchange rate volatility and maintain the gross profit margin going forward.

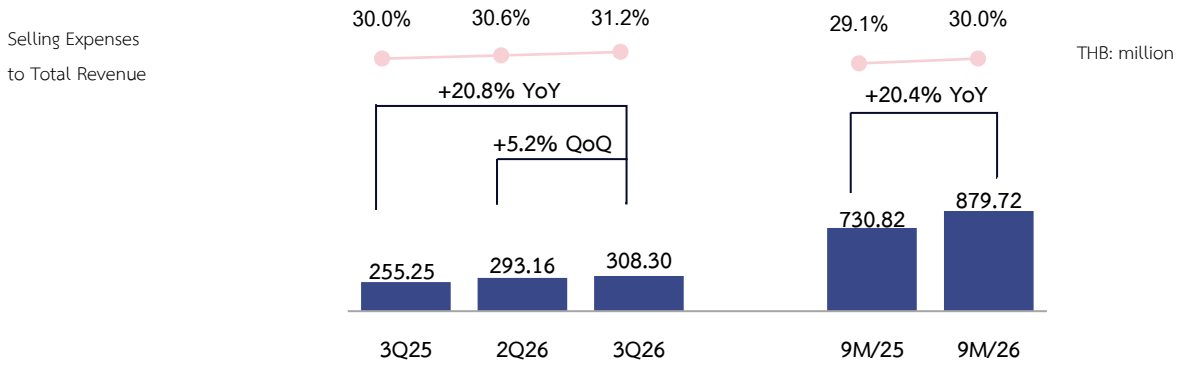
QoQ: 3Q2026 VS 2Q2026

Compared with Q2 2026, gross profit rose by THB 9.43 million (1.7%), while the gross profit margin fell from 56.4% to 55.7%. This was mainly because Q2 had a high margin base, boosted by a one-off gain from reversing an inventory-related provision. Higher product costs from the stronger yuan also contributed.

YoY: 9M2026 VS 9M2025

For the first nine months of 2026, the Company's gross profit was THB 1,642.61 million, up THB 259.72 million, or 18.8%, from the same period last year. The gross profit margin improved from 55.3% to 56.1%. This was mainly driven by continued retail branch expansion, cost and product mix management, and advance inventory management to reduce the impact of the Chinese yuan's appreciation, as well as cost and shipping risks arising from geopolitical conflicts.

SELLING EXPENSES



YoY: 3Q2026 VS 3Q2025

In Q3 2026, the Company's selling expenses were THB 308.30 million, up THB 53.05 million (20.8%) from the same period last year. As a share of total revenue, selling expenses rose from 30.0% to 31.2%. This was mainly due to the expansion of the Moshi Moshi retail network by 39 net branches to 222, which increased operating and expansion-related costs. The Company also kept investing in marketing as part of its strategic plan, including its brand presenter and marketing events, to build brand awareness and widen its customer base. In addition, online platform fees rose significantly because platform providers raised their fee rates and online sales grew.

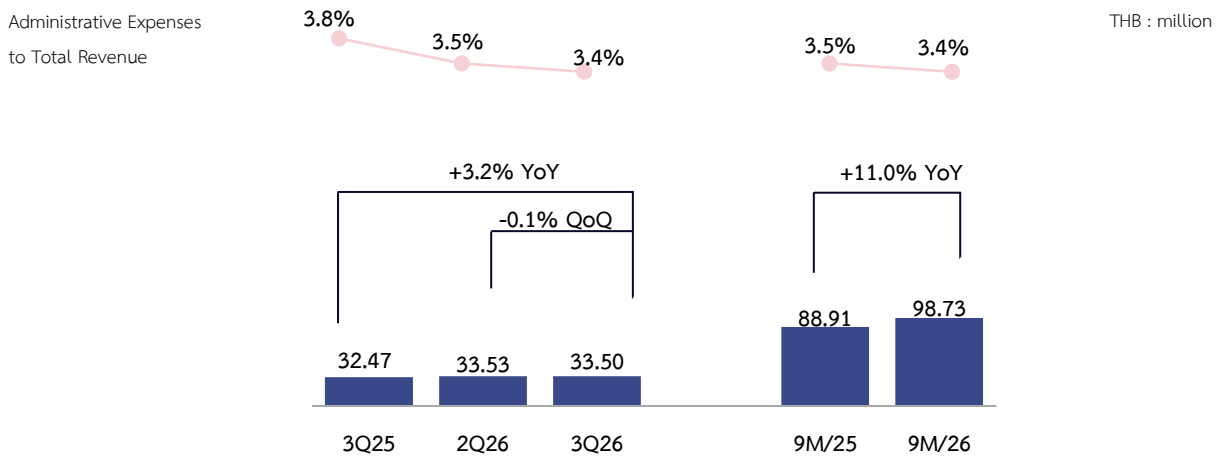
QoQ: 3Q2026 VS 2Q2026

Compared with Q2 2026, selling expenses rose by THB 15.14 million (5.2%). As a share of total revenue, they increased from 30.6% in the previous quarter to 31.2%. This was mainly due to higher spending on sales promotions and marketing events, higher online platform fees, and growth in online sales. Branch operating costs also rose as the network expanded, including staff costs, rent and service fees, utilities, and depreciation.

YoY: 9M2026 VS 9M2025

For the first nine months of 2026, the Company's selling expenses were THB 879.72 million, up THB 148.90 million (20.4%) from the same period last year. As a share of total revenue, they rose from 29.1% to 30.0%. The increase came mostly from the larger scale of the business. The Moshi Moshi retail network grew by 39 net branches, which raised branch operating costs. The Company also invested in marketing to support growth, especially to build brand awareness and widen its customer base through its brand presenter and advertising. In addition, online platform fees rose because providers raised their rates and online sales grew. These investments and expenses are part of the Company's strategy to strengthen the brand and support long-term growth.

ADMINISTRATIVE EXPENSES



YoY: 3Q2026 VS 3Q2025

In Q3 2026, the Company's administrative expenses were THB 33.50 million, up only THB 1.03 million (3.2%) from the same period last year. So administrative expenses fell from 3.8% to 3.4% of total revenue. The increase came mainly from staff costs.

QoQ: 3Q2026 VS 2Q2026

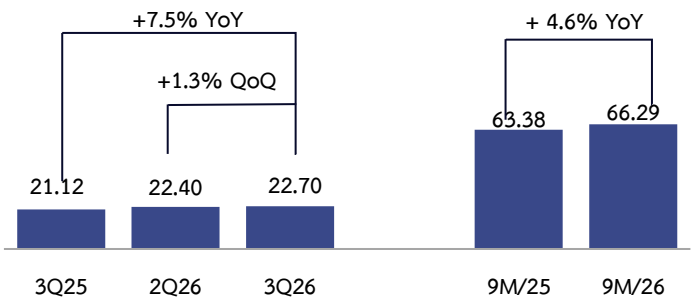
Compared with Q2 2026, administrative expenses were stable, down slightly by THB 0.03 million (0.1%). Consulting fees fell after the HR management system project was completed, fully offsetting higher staff costs. As a result, administrative expenses fell slightly from 3.5% to 3.4% of total revenue.

YoY: 9M2026 VS 9M2025

For the first nine months of 2026, the Company’s administrative expenses were THB 98.73 million, up THB 9.82 million (11.0%) from the same period last year. This was mainly due to investment in staff and in developing organizational management systems, to prepare the Company for long-term growth. However, revenue grew faster than administrative expenses, so their share of total revenue fell from 3.5% to 3.4%. This shows the Company’s ability to keep overhead growth in line with the expansion of the business.

FINANCE COST

THB: million



YoY: 3Q2026 VS 3Q2025

In Q3 2026, the Company's finance costs were THB 22.70 million, up THB 1.58 million (7.5%) from the same period last year, in line with the larger number of branches.

QoQ: 3Q2026 VS 2Q2026

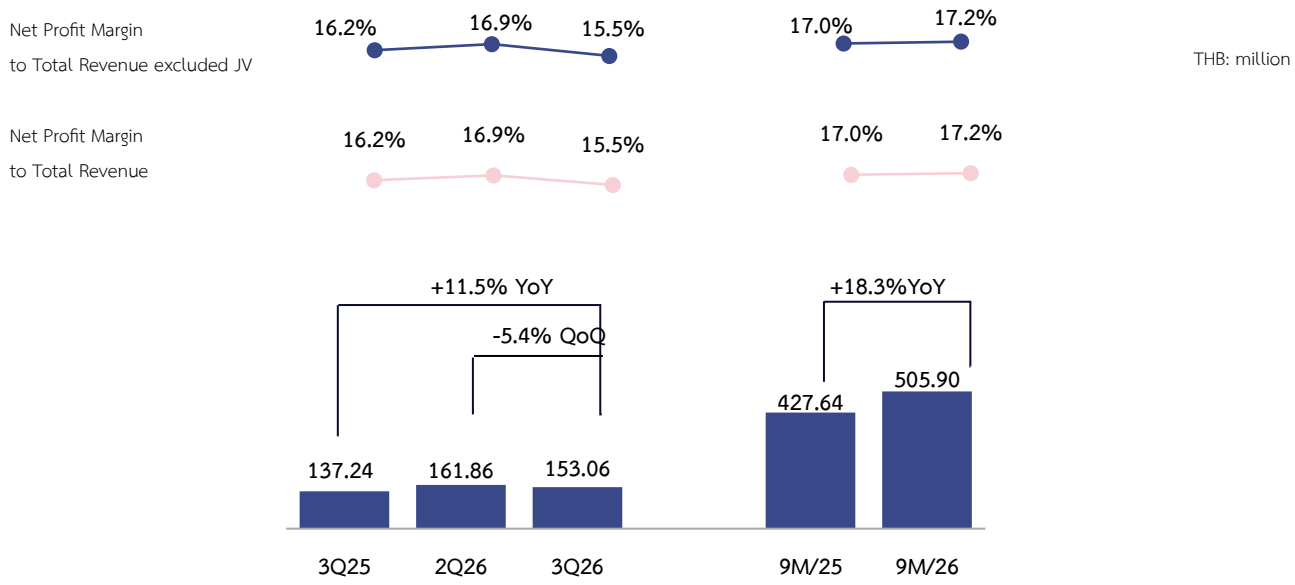
Compared with the previous quarter, finance costs rose by THB 0.30 million (1.3%). This was mainly due to higher lease liabilities from the Company's branch expansion. The Company opened 11 branches in Q2 2026 and another 10 in Q3 2026, which increased lease liabilities and the related finance costs.

YoY: 9M2026 VS 9M2025

For the first nine months of 2026, the Company's finance costs were THB 66.29 million, up THB 2.91 million (4.6%) from the same period last year. This was mainly due to higher interest on lease liabilities as the number of branches grew.

The Company has no interest expense borrowings. All finance costs are recognized under the financial reporting standard for leases.

NET PROFIT AND NET PROFIT MARGIN



YoY: 3Q2026 VS 3Q2025

In Q3 2026, the Company's net profit was THB 153.06 million, up THB 15.82 million (11.5%) from the same period last year, reflecting continued growth in performance. The Company kept its gross profit margin at last year's level despite higher product costs from the stronger yuan. It did this through product mix management, negotiations with suppliers, and foreign exchange hedging. The net profit margin was 15.5%, down from 16.2% in the same period last year. This was mainly due to higher selling expenses from planned marketing investment to support same-store sales growth (SSSG) and new branch openings. Meanwhile, the Company continued to keep administrative expenses at an appropriate level.

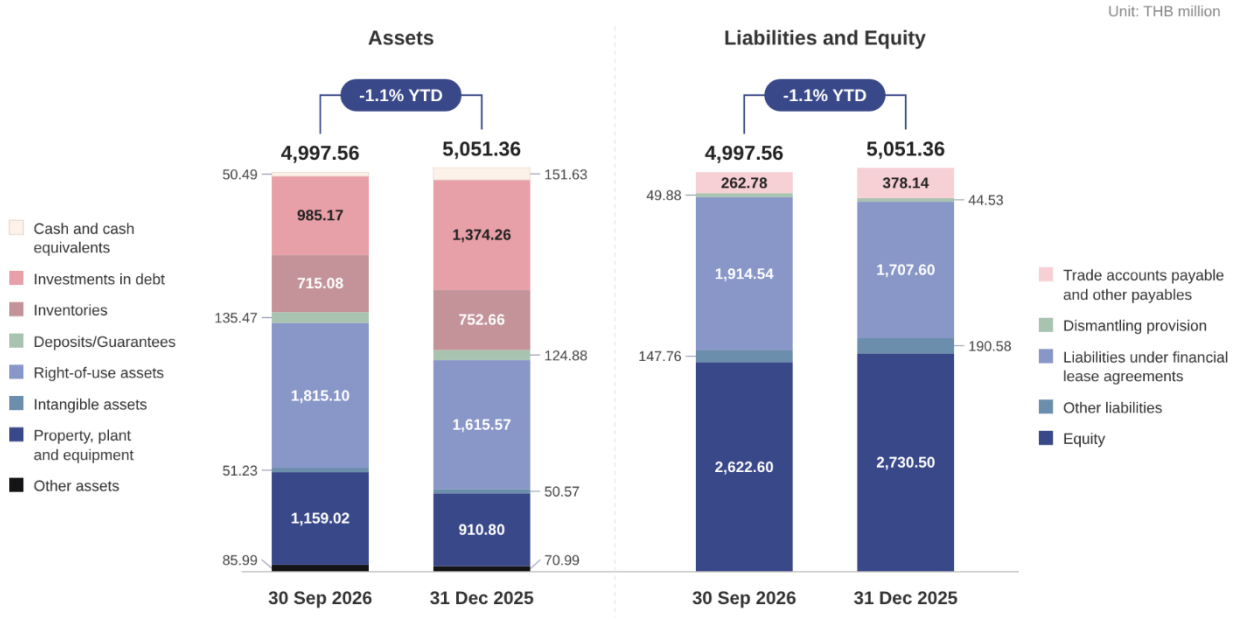
QoQ: 3Q2026 VS 2Q2026

Compared with Q2 2026, net profit fell by THB 8.80 million (5.4%), and the net profit margin dropped from 16.9% to 15.5%. This was mainly due to higher product costs from the stronger yuan and a high Q2 base, which included a one-off reversal of an inventory-related provision. Planned marketing investment also contributed, and Q3 is the retail off-season. Even so, revenue kept growing thanks to planned branch expansion. The Company opened 10 new branches this quarter, following 11 in the previous quarter, bringing the total to 222 branches at the end of Q3 2026.

YoY: 9M2026 VS 9M2025

The Company continued to grow strongly despite high economic and geopolitical uncertainty. For the first nine months of 2026, net profit was THB 505.90 million, up THB 78.26 million (18.3%) from the same period last year. The net profit margin rose from 17.0% to 17.2%. The main drivers were same-store sales growth (SSSG) supported by ongoing planned marketing investment, branch network expansion, and a better gross profit margin, along with efficient management of overhead costs. This reflects the strength of the Company's business model and its ability to deliver quality growth.

STATEMENT OF FINANCIAL POSITION



Note: Figures may be subject to rounding differences.

As of September 30, 2026

ASSETS

As of the end of Q3 2026, total assets were THB 4,997.56 million, a decrease of THB 53.80 million, or 1.1%, from the end of 2025. This reflects the allocation of capital toward investments that support growth. Property, plant and equipment increased by THB 248.23 million from branch expansion and additional land acquisition. Right-of-use assets increased by THB 199.53 million from new branch openings and lease renewals. Meanwhile, investments in debt instruments and cash and cash equivalents decreased by THB 389.09 million and THB 101.13 million, respectively, as funds were used for these investments and for the interim dividend payment to shareholders. The Company continues to maintain sufficient liquidity for its operations and planned investments.

Liabilities

Total liabilities were THB 2,374.96 million, an increase of THB 54.10 million, or 2.3%, from the end of 2025. This was mainly due to a THB 206.94 million increase in lease liabilities, in line with the increase in right-of-use assets from new branch openings and lease renewals. Trade and other payables decreased by THB 115.36 million, following the seasonal purchasing cycle of the business.

Shareholders' Equity

Total shareholders’ equity was THB 2,622.60 million, a decrease of THB 107.90 million, or 4.0%, from the end of 2025. This reflects the Company’s ongoing commitment to delivering returns to shareholders. During the period, the Company paid total dividends of THB 613.80 million. This comprised the 2025 annual dividend of THB 402.60 million, representing a payout ratio of 60.0%, up from 50.0% in the previous year, and an interim dividend for 1H 2026 of THB 211.20 million. Strong profitability enabled the Company to pay higher dividends while maintaining a solid financial position, with no interest-bearing borrowings.

STATEMENT OF CASH FLOWS FOR For the nine-months periods ended September 30, 2026	9M/25	9M/26	+/-
Unit: Million THB			%YoY
Net cash generated from operating activities	713.08	737.81	3.5%
Net cash generated (used in) investing activities	(254.36)	78.74	(131.0%)
Net cash used in financing activities	(534.39)	(917.68)	71.7%
Net increase (decrease) in cash and cash equivalents	(75.67)	(101.13)	33.6%
Cash and cash equivalents at the beginning of the year	177.19	151.63	(14.4%)
Cash and cash equivalents at the end of the periods	101.52	**50.49**	(50.3%)

Note: Number variations may occur due to decimal rounding conventions

CASH FLOW FROM OPERATING ACTIVITIES

Net cash from operating activities was THB 737.81 million, an increase of THB 24.72 million year-on-year. This was supported by a THB 128.54 million increase in profit after adjustments for non-cash items, reflecting continued growth in operating performance. However, cash flow from inventory management decreased by THB 32.72 million, while cash paid to trade and other current payables increased by THB 64.16 million to support operations in the year-end peak sales season.

CASH FLOW FROM INVESTING ACTIVITIES

Net cash from investing activities was an inflow of THB 78.74 million, with net cash used decreasing by THB 333.10 million compared with the same period last year. The main items were:

- Net cash invested in debt instruments decreased by THB 495.79 million.
- Cash paid for fixed and intangible assets increased by THB 158.63 million, in line with branch network expansion, as well as investment in land and the construction of a new warehouse to support future business expansion.

CASH FLOW FROM FINANCING ACTIVITIES

Net cash used in financing activities was THB 917.68 million, an increase of THB 383.29 million year-on-year. The main factors were:

- Total dividend payments, comprising the annual dividend and the interim dividend, of THB 613.80 million, an increase of THB 349.80 million.
- Repayments of lease liabilities and interest payments increased by THB 33.49 million, in line with the Company's branch expansion.

In summary, the Company's cash flows reflect its strong ability to generate operating cash flow, alongside continued investment to support business expansion. They also show balanced financial management between long-term growth and appropriate returns to shareholders.

Business Outlook for 2026

1. Retail Network Expansion & Transformation

The Company continues to expand its retail network in high-potential locations and expects to open 36 new stores by the end of 2026, including 7 standalone stores that will reach customers beyond shopping malls. The Company is also upgrading its existing stores through renovations, space expansions, relocations, and modernized merchandise displays to improve the shopping experience for customers.

In terms of capital expenditure, the Company has allocated a total budget of over THB 500 million, comprising approximately THB 200 million in CAPEX for branch expansion and general administration, approximately THB 220 million for the construction of the second warehouse to support future business growth, and a further THB 80 million in investment for land acquisition to support future business expansion.

2. Product Portfolio Development & Retail Excellence

The Company places great importance on continuously developing and launching new products to meet ever-changing customer needs, while elevating in-store product display and presentation standards to create a more engaging and enjoyable shopping experience for customers.

3. Digital Infrastructure & Data-Driven Management

The Company continues to develop its information technology infrastructure to enhance management efficiency, while leveraging data-driven insights to formulate strategies that accurately address customer behavior and needs, as well as adopting technology to improve operational systems and overall effectiveness.

4. Customer Base Expansion

The Company aims to expand its customer base to reach a broader mass market, increasing accessibility across diverse age groups and genders, while strengthening its presence among the primary target group aged 13 to 35 and penetrating the secondary target group aged 6 to 12, in order to build brand awareness from childhood, expand long-term business opportunities, and enhance the Company's ability to reach a wider consumer base.

5. Intensify Marketing & Brand Equity

The Company is committed to intensifying its marketing efforts alongside elevating Brand Equity through omnichannel marketing, building a distinctive and clearly differentiated brand image, enhancing the customer experience at every touchpoint, fostering long-term brand affinity and loyalty, and effectively communicating product value, all with the aim of building strong brand recognition, reinforcing credibility, and sustainably strengthening the brand's competitive position.