MC GROUP

SET Award 2025 Submission

Sustainability Excellence

08 September 2025

MC GROUP IN A NUTSHELL

STRONG *BRAND* REPUTATION	Well-known for superior quality and craftmanship
EXPANDING *PRODUCT* PORTFOLIO	Diversifying offering beyond denim line with strong growth
HEFTY RETAIL *NETWORK*	Extensive presence with numerous retail locations and channels
EXPERIENCED *MANAGEMENT*	Led by seasoned industry professionals
STRONG *FINANCIAL* POSITION	Robust financial health and profitability
DEEP *CUSTOMER* RELATIONSHIP	Loyal customer base with strong engagement

OUR BUSINESS SNAPSHOT

NET REVENUE PER ANNUM

> 4,100 M.THB

Men **60%**

Women **40%**

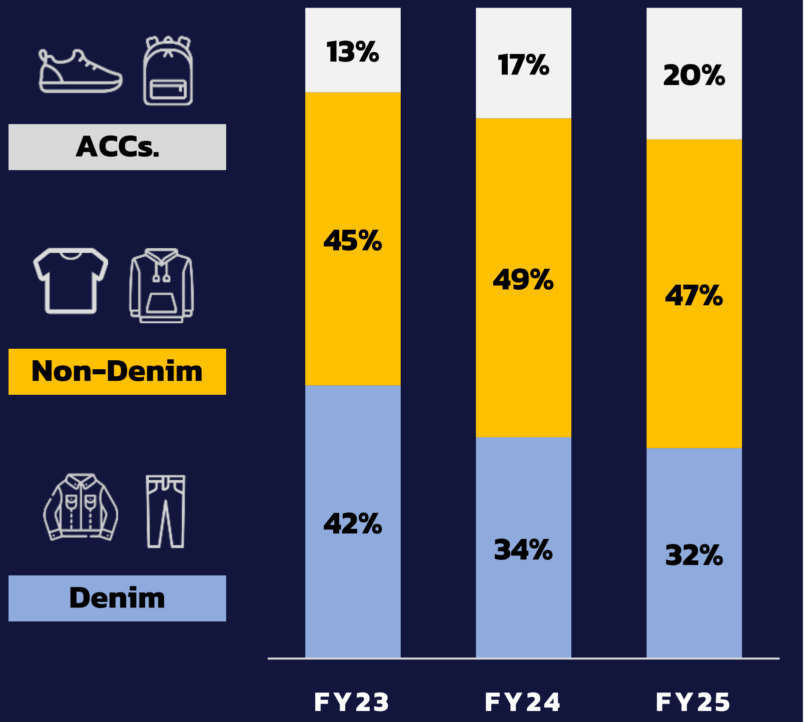
*Product Sales Base

CUSTOMER BASE

1.5 Million Members

>50% Active Members

PRODUCT PORTFOLIO MIX



CHANNELS

Shop	291
Consignment	130
Outlet	137
Mobile Unit	6
Total POS	564

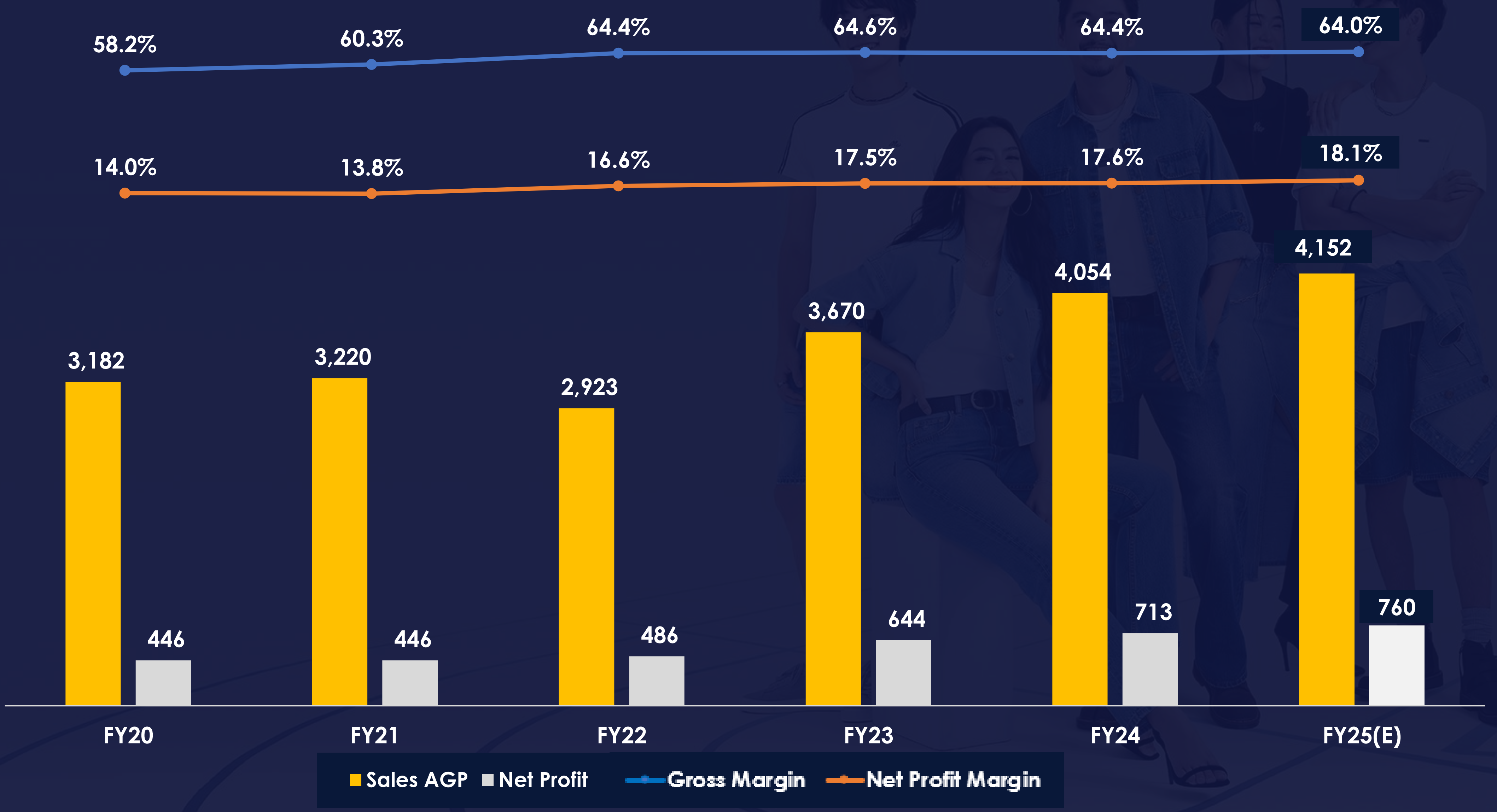
mcshop

Laz

Offline **83%**

Online **17%**

RECENT PERFORMANCE



*Excluded Non-Sales Revenue

AGENDA

1. Opportunities or challenges from **economic slowdown** and evolving **geopolitical shifts**

2. Risks and opportunities presented by **climate change**

3. The application of **technology and artificial intelligence (AI)**

4. A long-term competitiveness and business sustainability as **generation shift**

1

Opportunities or Challenges from **Economic Slowdown** and Evolving **Geopolitical Shifts**

Opportunities or Challenges from Economic Slowdown and Evolving Geopolitical Shifts

Situation Snapshot (Since 2024)

- Thailand's growth moderating
- Consumer confidence uneven
- High household debt
- Inflation & interest-rate uncertainty
- Baht volatility vs CNY/USD
- Higher logistics costs from global route disruptions
- Rising minimum wage pressure.
- Rising cost of business
- Tighter compliance (ESG/traceability)
- Regional competition from fast-fashion and e-commerce cross-border.

Implication for Apparel Retail Business

Implications	Details	Effect
Domestic Demand Softness	slower SSSG in parts of the network; heavier promotions across market.	**Very High**
Channel Mix & Inventory Risk	overhangs in outlet/off-price; aging cycles.	**High**
Competitive Intensity	fast-fashion cycles, cross-border e-commerce pricing, and KOL-led micro-brands.	**High**
Rising Cost of Business	cotton, freight, FX exposure, minimum wage, and other costs pressuring margins.	**Moderate** (Manageable)

Opportunities or Challenges from Economic Slowdown and Evolving Geopolitical Shifts

Strategy to Address Risks & Capture Opportunities

Opportunities

Value & Essentials Shift
trade-down favors to quality with value-for-money brands and products

E-commerce Acceleration
Rising demand on marketplaces, live commerce, and brand DTC site

Key Strategies

Good-Better-Best (GBB) Architecture

- Sharpen price ladders across Mc Portfolio.
- Anchor hero SKUs at accessible price points to win traffic and basket

Assortment Discipline

- Strengthen core product while managing seasonal product effectively
- Tighter drop cadence

Promotion Efficiency

- Switch from blanket markdowns to targeted offers via CRM
- Attach mechanics to raise ATV and UPT

Channel Focus

- Move fast on online, especially Live Commerce
- Drive outlet as strategic channel
- Promote O2O

Opportunities or Challenges from Economic Slowdown and Evolving Geopolitical Shifts

Early Outcomes & Financial Traction

RESILIENCE THROUGH SLOWDOWN	Performance reflected strong brand equity and disciplined execution • FY25 revenue THB 4,210m **(+2.5% YoY)** and net profit THB 760m **(+6.6% YoY)** • FY24 revenue THB 4,107m **(+11.2% YoY)** and net profit THB 713m **(+10.7% YoY)**
PROFITABILITY	Sustaining profitability despite cost headwinds. • Gross profit margin **64.5%** and **64.7%** in FY25 and FY24 consecutively • Net profit margin **18.1%** and **17.4%** in FY25 and FY24 consecutively
CHANNEL PROGRESS	Riding on the winds of change • Online Business **+68.7% YoY** in FY25, contributing 17% of the business • **#1** Branded apparel retailer on TikTok
SUPPLY & COST	Improving buy planning and managing stock and channels effectively • Inventory month cover decreased **from 11.6x to 10.6x and 9.5x** in FY24 and FY25 consecutively

Opportunities or Challenges from Economic Slowdown and Evolving Geopolitical Shifts

Short-term and Long-term Goals

	12-month Targets		36-month Targets
Revenue Growth	**Single-digit growth** for offline	**Double-digit growth** for online	**+6-9%** CAGR
Margin	**+50–100 bps of GPM** via mix & cost engineering		**Sustain ~17–19%** Net Profit Margin
Inventory	**-0.5x** Inventory Turn		**-1.0x – 2.0x** Inventory Turn (vs. FY25 baseline)
Omni Penetration	**≥ 20% of sales** from E-commerce		**≥ 30% of sales** from E-commerce
Channel Performance	**+2-4%** Same-Store-Sales Growth		**High single-digit growth** Same-Store-Sales Growth

2

Risks and Opportunities Presented by **Climate Change**

Risks and Opportunities Presented by Climate Change

Mc's Sustainability Journey

We are here

2022 → **2030**

Foundation and Commitment

Establish a Sustainability Team
- Form a dedicated ESG team responsible for developing, implementing, and monitoring sustainability initiatives.

Set ESG Baselines and Targets
- Conduct a thorough assessment of the company's current ESG performance.
- Set clear, measurable targets aligned with global standards

Stakeholder Engagement
- Initiate dialogues with key stakeholders, including investors, customers, suppliers, and employees, to understand our ESG expectations and concerns.

Operational Integration

Eco-friendly Products
- Launch a line of sustainable products, such as apparel made from organic cotton, recycled materials, or other eco-friendly components.
- Begin phasing out non-sustainable materials from the entire product range.

Sustainable Supply Chain
- Partner with suppliers who adhere to sustainable practices.
- Implement a Supplier Code of Conduct focused on fair labor practices, environmental responsibility, and ethical sourcing of materials.

Waste and Resources Management
- Aim for a significant reduction in waste and pollution from the entire value chain

Leadership and Innovation

Innovation in Sustainable Practices
- Invest in R&D to develop innovative, sustainable materials and production processes.
- Explore digitalization opportunities to further reduce the environmental impact of the supply chain.

ESG Leadership
- Position Mc Group as a leader in sustainability within the apparel industry, both in Thailand and globally.
- Participate in international ESG forums, share best practices, and influence industry standards.

Social and Community Impact

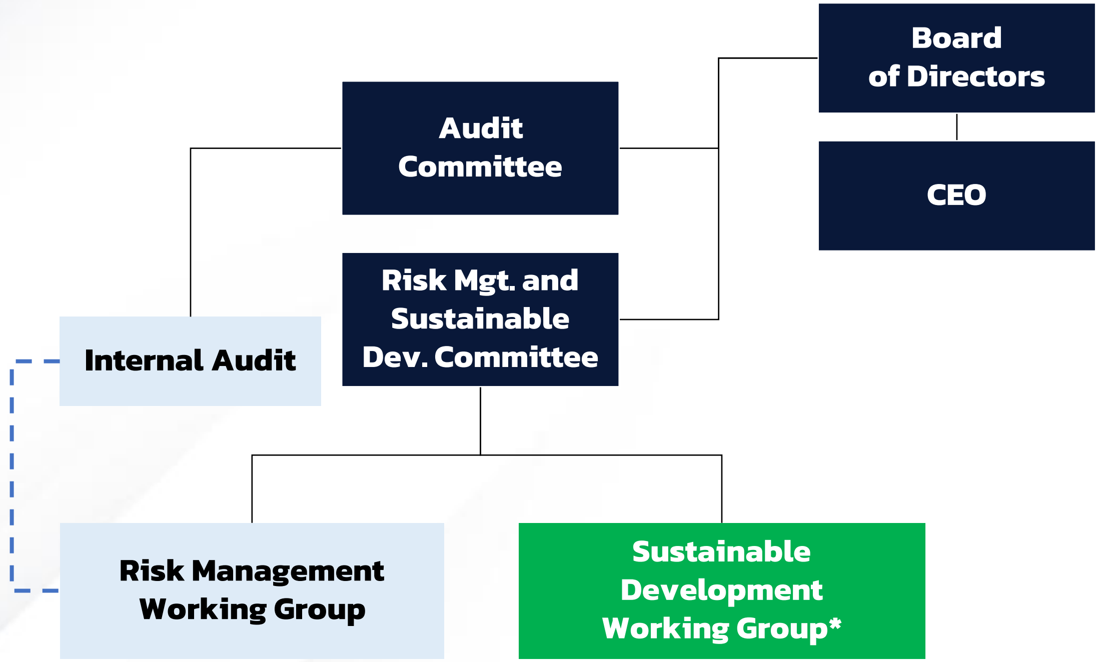
Employee Well-being and Development
- Launch programs focused on employee health, well-being, and continuous learning.
- Implement fair wages, safe working conditions, and career development opportunities across the organization.

Community Engagement and Social Responsibility
- Develop and implement programs that support local communities, such as education initiatives, vocational training, and sustainable development projects.

Risks and Opportunities Presented by Climate Change

The Foundation and Commitment

Our ESG Governance Structure



The key roles of the ESG Governance Team:

- Strategy Development and Implementation:
- Performance Monitoring and Compliance:
- Stakeholder Engagement and Communication:

** Comprise of executives from all functions, established since 2022*

ESG VISION ▶ **Embrace Performance Empower Sustainability Fashioning a Better World**

3Ps	COMMITMENTS
Profit	
People	
Planet	

- **> 5-10% YoY revenue and profit growth.**
- **> 17% profitability margins**
- **> 90% NPS Score**
- **> 85% employee satisfaction rate**
- **100% sustainability and ethical standards.**
- **> 50% of the product portfolio** is made from or has a component of **sustainable or recycled materials** within the next 10 years.

Risks and Opportunities Presented by Climate Change

Climate Change Considerations

Mc Group recognizes the urgency of climate action, but also the need to balance environmental responsibility (Planet) with customer acceptance (People) and business viability (Profit)

Consumer Behavior Gap :

Actual purchase is limited and willingness to pay a premium remains low. Past attempts to launch green apparel faced significant challenges:

- Higher prices and lower comfort of green products compared with virgin products led to poor sales.
- Unsold eco-friendly products resulted to inventory write-off and waste, creating an unintended environmental and financial outcome.

Technology and Market Readiness :

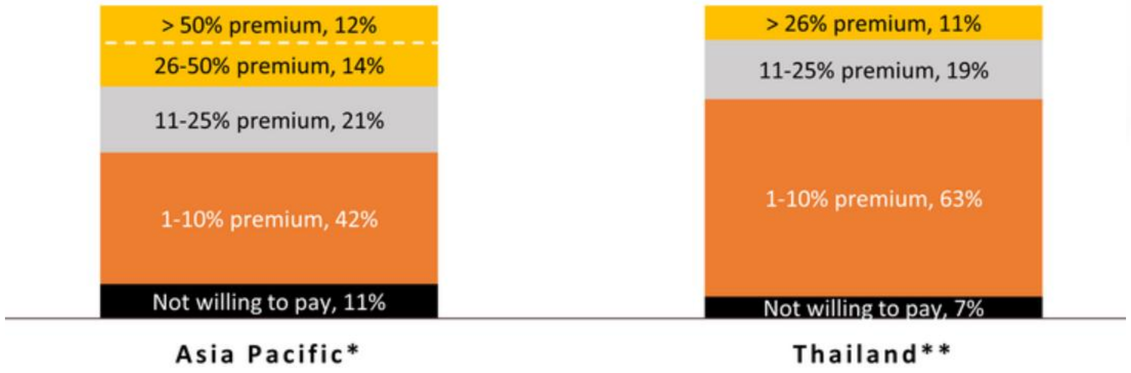
Some solutions, though promising, **are not yet practical** for our context.

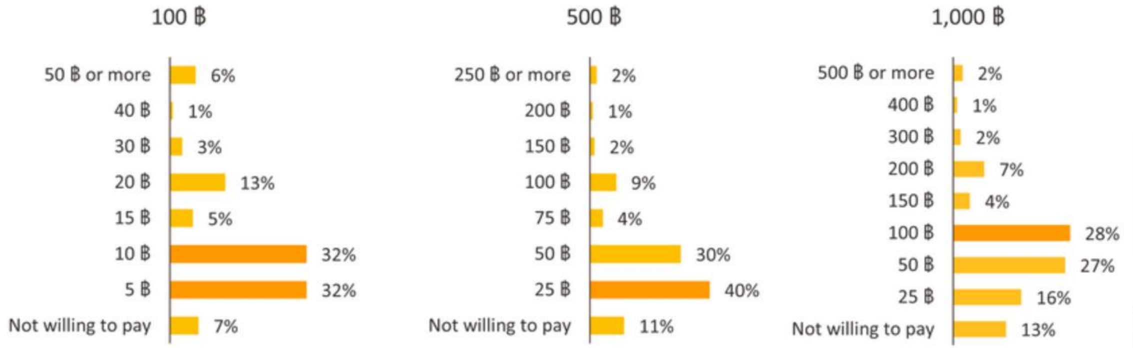
- **Green materials** for apparel **are still at an early stage** — product quality and comfort do not yet match conventional fabrics, while costs remain significantly higher.
- **Solar rooftops** at retail points **face landlord restrictions and space limitations.**

Regulatory Exposure :

Although carbon border taxes mainly target exporters to Europe (where Mc Group is not directly exposed), **we remain vigilant**.

Customers' Willingness to Pay Environmental Premium" for green products confirmed by Krungsri research (May-24)





Risks and Opportunities Presented by Climate Change

Climate Change Key Challenges

Eco-friendly Products

- Launch a line of sustainable products, such as apparel made from organic cotton, recycled materials, or other eco-friendly components.
- Begin phasing out non-sustainable materials from the entire product range.

Key Challenge 1

Eco-Friendly Products are not Financially Friendly
(to business and end consumers)

Sustainable Supply Chain

- Partner with suppliers who adhere to sustainable practices.
- Implement a Supplier Code of Conduct focused on fair labor practices, environmental responsibility, and ethical sourcing of materials.

Key Challenge 2

Sustainable Supply Chain is Resource-Intensive Activity

Waste and Resources Management

- Aim for a significant reduction in waste and pollution from the entire value chain

Key Challenge 3

Waste and Resources Management Requires Capital Investment and Technological Advancement

Risks and Opportunities Presented by Climate Change

Key Challenge 1 : Eco-Friendly Products are not Financially Friendly

Strategic Actions

Cost Optimization Initiatives:

- Increase the proportion of eco-friendly, leveraging economies of scale
- Commit to larger volumes or long-term contracts.

Innovation in Sustainable Materials:

- Invest in R&D to discover and utilize more cost-effective sustainable materials.
- Collaborate with partners, universities, and startups to develop innovative, scalable solutions that reduce production costs.

Consumer Incentives:

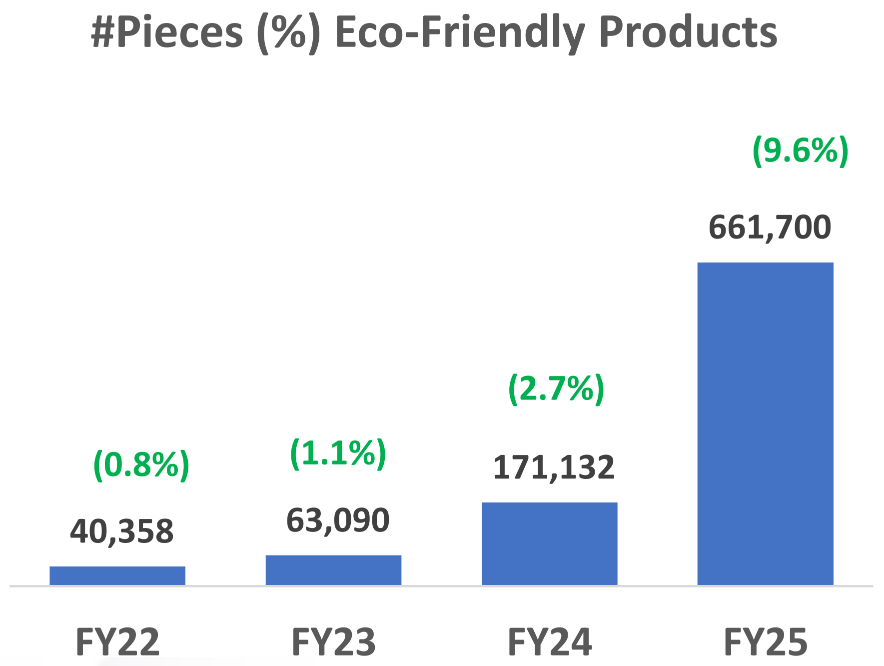
- Offer promotional discounts, loyalty programs, or bundled deals to make eco-friendly products more accessible to price-sensitive consumers.

Short-term	Long-term
Cost Equivalent to Normal Product Cost Structure **within 2026**	**Cost Improvement** from Normal Product Cost Structure **within 2030**
10% of Sustainable Product Sales **within 2026**	**30%** of Sustainable Product Sales **within 2030**
>70% Sustainable Product Satisfaction **within 2026**	**>90%** Sustainable Product Satisfaction **within 2030**

Risks and Opportunities Presented by Climate Change

Key Challenge 1 : Eco-Friendly Products are not Financially Friendly

What We Have Been Doing (1)



- Starting from almost zero in FY22, MC initiated several green product projects,
- Aiming to reach the 30% target by FY2030

Mc Earth Friendly Collection

- **Upcycled denim scraps from our factory** into eco-friendly fashion product: T-shirts, shirts, sweaters, and hoodies

Filagen T-Shirt

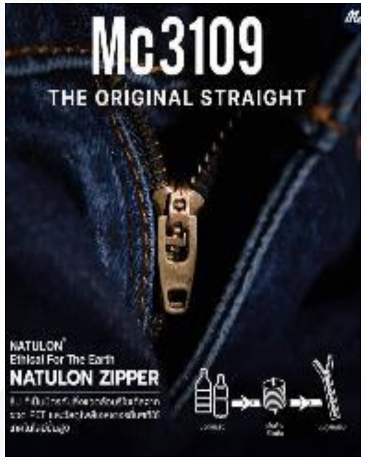
- **Innovative fabric blended with fish scales** rich in collagen peptides, promoting skin health and UV protection
- Naturally biodegradable, meeting the needs of health-conscious consumers.

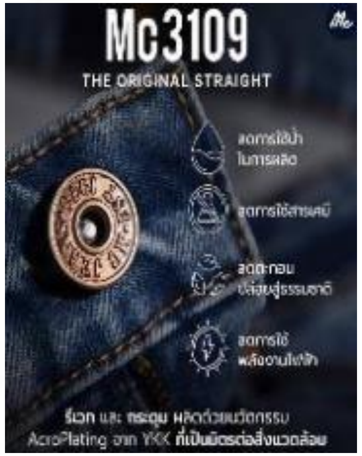
Risks and Opportunities Presented by Climate Change

Key Challenge 1 : Eco-Friendly Products are not Financially Friendly

What We Have Been Doing (2)

Major Collaboration with our Partners





Eco-Friendly's Jeans Materials

- Collaborated with YKK, our major supplier, to use eco-friendly zippers, buttons, and rivets in our jeans.
- Successfully reduced the cost of these sustainable components to match that of conventional ones.
- YKK's **"AcroPlating"** technology **reduces chemical use by 59%, water by 66%, electricity by 69%, hazardous emissions by 92%, and greenhouse gases by 96%.**
- Starting at our "MC3109" in late HY23 and rolling for all models in FY26

More Collaboration…In progress

SC GRAND *Sustainable Textile* | Mc

- MC has been supporting SC Grand, a Thailand's leader in recycling textile scraps, with our fabric scraps since April 2024 for zero waste and circular economy purposes
- Currently, MC is under the process in collaboration **with SC Grand to jointly develop T-Shirt fabric utilized recycled components from our fabric scraps from production.**
- Key Features of new fabric
  - 30% recycled content from our own factory's fabric scraps.
  - Top-dyed finish with 35% cost competitive compared to virgin cotton.
  - Internal wear-test results confirm comfort and quality.

Risks and Opportunities Presented by Climate Change

Key Challenge 2 : Sustainable Supply Chain is Resource-Intensive Activity

Strategic Actions

Supplier Audits and Training:

- Conduct comprehensive audits of current and new suppliers
- Offer training and resources to suppliers to help them meet Mc Group's sustainability criteria
- Prioritize partnerships with strong sustainability practices

Supplier Certification and Continuous Monitoring:

- Encourage and assist suppliers in obtaining recognized sustainability certifications
- Establish a continuous monitoring system, using third-party audits and regular reporting

Short-term	Long-term
>70% of Suppliers Meet Sustainability Standard **within 2026**	**>90%** of Suppliers Meet Sustainability Standard **within 2030**
>70% of Suppliers are Audited Annually **within 2026**	**100%** of Suppliers are Audited Annually **within 2030**

"Achieving Sustainability is a team effort, supplier's cooperation to green is key to success"

Risks and Opportunities Presented by Climate Change

Key Challenge 2 : Sustainable Supply Chain is Resource-Intensive Activity

What We Have Been Doing (1)

Annual Supplier Meeting : Business Partner Connect

No **Business**..... Without **Products**

No **Products**..... Without **Partners**

Up-to-Date & Fast-to-Market **Technology**	**Sustainability** At Heart	Committed To **Quality**	Committed To **Timeline**

Mc Annual Supplier Certification and Award

Risks and Opportunities Presented by Climate Change

Key Challenge 2 : Sustainable Supply Chain is Resource-Intensive Activity

What We Have Been Doing (2)


MC GROUP

จรรยาบรรณคู่ค้าธุรกิจ

บริษัท แม็คกรุ๊ป จำกัด (มหาชน)

มีผลใช้บังคับเมื่อวันที่ 9 กุมภาพันธ์ 2566


MC GROUP

MC GROUP

QUALITY INSPECTION MANUAL

VERSION : AUGUST 2024

MY Mc MY WAY

1 | Page

Code of Conduct and Supplier Standards

- Established and communicated clear standards and expectations for ethical, social, and environmental practices to all suppliers.
- Setup standard manual as guideline to control products' quality

Third-Party Supplier Auditor (FY25 Onward)

- Offer credibility and assurance to stakeholders that Mc Group meets the necessary standards.
- All suppliers must pass sustainability risk assessments, with none identified as high risk.

Risks and Opportunities Presented by Climate Change

Key Challenge 3 : Waste and Resources Management Requires Capital Investment and Technological Advancement

Strategic Actions

Waste Audits and Reduction Programs:

- Implement immediate waste reduction initiatives, such as optimizing cutting processes, improving inventory management, and minimizing packaging materials.
- Conduct comprehensive audits to identify and improve key waste sources.

Supplier Collaboration:

- Encourage suppliers to adopt sustainable practices, such as recycling waste materials or using biodegradable packaging.
- Work closely with suppliers to reduce waste at the source
- Provide funding and incentives for sustainability initiatives

Short-term	Long-term
>70% Sell-Thru Rate **within 2026**	**>80%** Sell-Thru Rate **within 2030**
<10 Months of Inventory Turnover **within 2026**	**<8 Months of** Inventory Turnover **within 2030**
>30% Eco-Friendly Production Processes **within 2026**	**>50%** Eco-Friendly Production Processes **within 2030**

Risks and Opportunities Presented by Climate Change

Key Challenge 3 : Waste and Resources Management Requires Capital Investment and Technological Advancement

What We Have Been Doing (1)

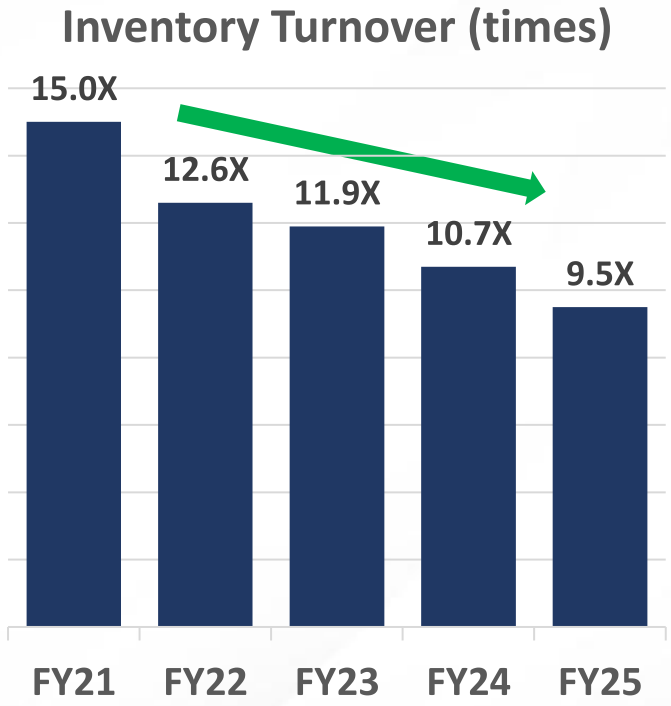
Operational Excellence through Data Analytics to reduce financial and environmental risks from overproduction, contributing to continuous FG waste reduction.

DATA ANALYTICS UTILIZATION :

clustering and sales forecasting, to improve decision-making processes.

OPTIMIZED ORDERING & PRODUCTION :

enhanced forecasting leads to more accurate predictions of demand, enabling us to order and produce clothing in optimal quantities.



despite the 2-digit YoY revenue growth, inventory was reducing at healthier level, both amount and units.

Risks and Opportunities Presented by Climate Change

Key Challenge 3 : Waste and Resources Management Requires Capital Investment and Technological Advancement

What We Have Been Doing (2)

Waste and Resources Reservation Projects

Projects	FY23	FY24	FY25	CO_2 Reduction (FY23-25)	Saving (FY23-25)
1. Electricity generated by Solar Roof (KwH)	209,911	370,043 +76%	453,461 +23%	517 ton CO_2e	5.17 M. Baht
2. Electricity savings from Compressor/Sewing M/C motor Replacement (KwH)	-	26,500	39,830 +50%	33 ton CO_2e	0.33 M. Baht
3. Plastic Bag Saving from No Bag Campaign (Bags)	-	0.15 M (0.9 ton)	1.4 M (8.4 ton) +852%	23 ton CO_2e	2.16 M. Baht
4. Water Usage (Cu.M)	43,407	32,158 -26%	33,574 +4%	8.4 ton CO_2e	0.34 M. Baht
5. Paper Saving from E-Form and automated workflow (sheets)	3,423	20,537 +500%	24,345 +19%	0.24 ton CO_2e	10,000 Baht

Risks and Opportunities Presented by Climate Change

Key Challenge 3 : Waste and Resources Management Requires Capital Investment
and Technological Advancement

What We Have Been Doing (3)

Reducing Production Waste through Academic Collaboration Project with Universities

มศว.ประสานมิตร

ม.ศิลปากร

ม.เทคโนโลยีราชมงคล คลอง 6

Risks and Opportunities Presented by Climate Change

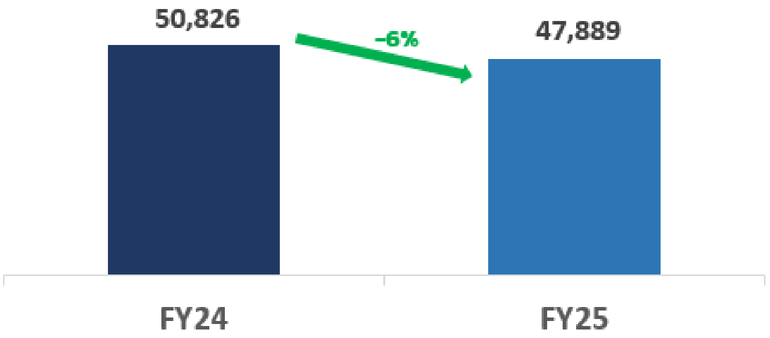
Key Challenge 3 : Waste and Resources Management Requires Capital Investment and Technological Advancement

What We Have Been Doing (4)

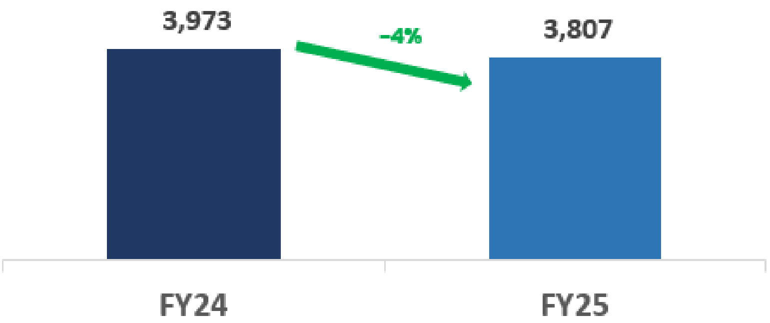
OUR CARBON FOOTPRINT ASSESSMENT (FY24-25)

Unit : (K.ton Co2e)

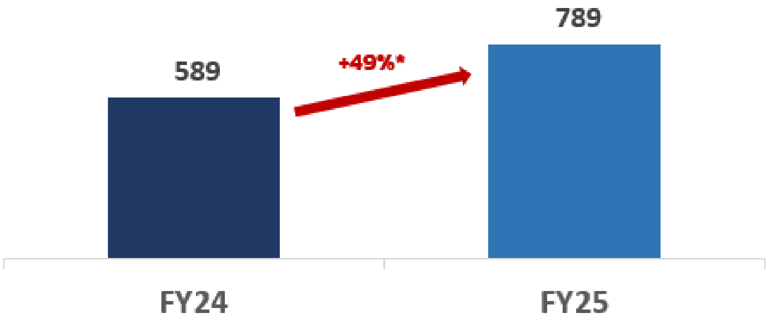
Scope 1+2+3 : Total direct and indirect Emission



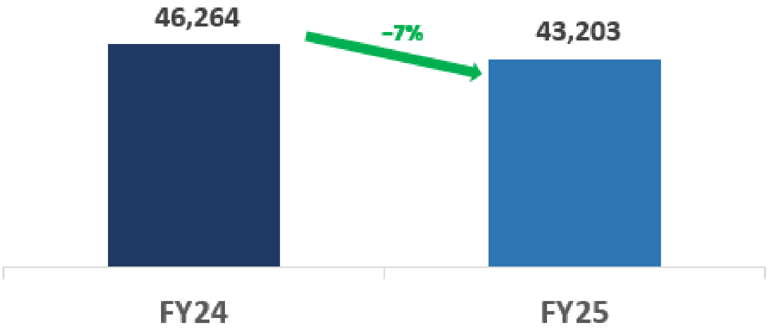
Scope 2: Indirect Emissions (Purchased Energy)



Scope 1: Direct Emissions



Scope 3: Other Indirect Emissions



* Higher Scope1 emissions due to improved data collection (complete recording of vehicle registration numbers on fuel invoices).

Target Carbon Neutrality in Year 2050

Target Net Zero in Year 2065

3

The Application of **Technology** and **Artificial Intelligence (AI)**

The Application of Technology and Artificial Intelligence (AI)

AI Roadmap

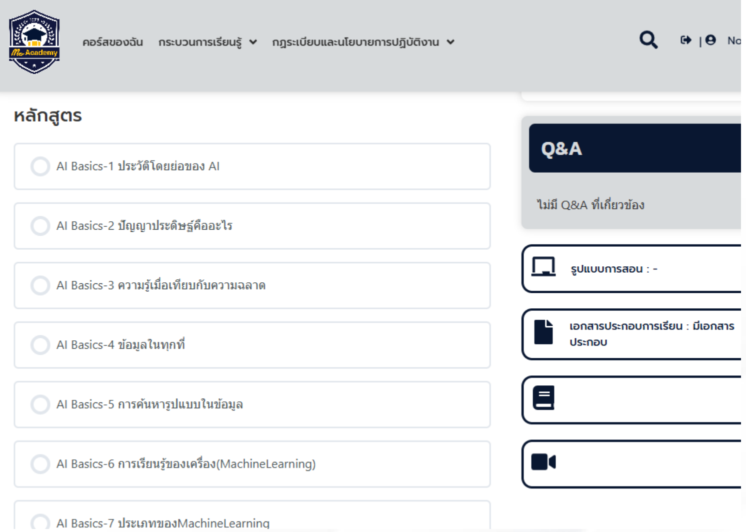
	DEFEND Return on Employee (ROE)	EXTEND Return on Investment (ROI)	UPEND Return on the Future (ROF)
Projects	• AI camera to capture receipts for expense claim • Survey comments sentimental with AI • AI Chatbot to serve customer • Smart dashboard	• In-store Customer Analysis • CRM Marketing Automation • Survey Automation • KOL Management • Fit in a Flash (virtual try-on on mcshop.com)	• Live commerce using AI avatar • On-demand manufacturing with AI • AI-driven virtual fashion & metaverse
Objectives	• Increase efficiency • Reduce Cost and Time • Free up Employee to reallocate	• Operational Improvement • VM improvement • SSSG Improvement • Sale Incremental	• New Revenue Stream • Future-proofing the brand

The Application of Technology and Artificial Intelligence (AI)

AI Readiness within the Organization

4 Steps framework

1. People Building AI Culture & Skills	2. Process Embedding AI into Workflows	3. Platform Tools, Data and Infrastructure	4. Leadership & Strategy Alignment
– Provided 2 workshops AI101 and AI 102 (June and July 2025) – Provide Online training 10 topics from Microsoft to all users	– Establish policies around data privacy, responsible AI, bias checks – AI ROI Tracking	– Unified AI workspace – Data platform readiness – Retail-specific AI solutions – Security & Compliance	– AI Roadmap align with Company strategy – Yearly Budget for AI projects



The Application of Technology and Artificial Intelligence (AI)

A Use Case of Smart Retail Technology at Mc

LINE Beacon + AI to invite pass by traffic become visitors.

In-Store Customer Analysis – Understand customer demographic, conversion, interaction rate, heat map and etc.

Fit in a Flash is a virtual try-on using AI model, customer can see themselves wearing Mc product in less than a minute.

Personalization
- Personalize product offering.
- Send communication to customer on their preferred time.

Smart Survey
- Using AI to transcribe customer voice and analyze

The Application of Technology and Artificial Intelligence (AI)

Case Study of In-store AI Camera Implementation

In-store Customer Analysis with AI Camera

Data Set

- Total visitors
- Conversion
- Dwell time
- Interaction Rate
- Avg visitors per staff
- Demographic
- Heat map
- Pass by traffic

To Improve Operations

To Increase Sales per SQ.M.

The Application of Technology and Artificial Intelligence (AI)

Case Study of In-store AI Camera Implementation

Concept Test at Flagship 2

Before

After

Complete within September

4

A Long-term Competitiveness and Business Sustainability as **Generation Shift**

OUR SITUATION

Generation Shift and Brand Extension Ability

Mc is the Core Foundation, but Need to Increase Up the Value Chain as Generations Shifts

Capture

Diversification

- New Portfolio

Brand A	Brand B	Brand C

Extend

MCJ

Brand Extension

- New Category
- Non-apparel Category
- Channel Development

Strengthen

Mc

Current Product Portfolio

- Jeans
- Non-Jeans
- Acc.
- Collaboration ?

Gen Beta (2025-2039)

Gen Alpha (2012-2024) 1%
Age 1-13 yrs

Gen Z (1997-2012) 21%
Age 13-28 yrs

Millennials (1981-1996) 47%
Age 29-38yrs

Gen X (1965-1980) 27%
Age 45-60yrs

A Long-term Competitiveness and Business Sustainability as Generation Shift

Risk and Opportunity Assessment

RISK

- Current core (Gen X & Millennials) aging
- Potential decline in denim penetration if younger consumers shift to alternatives.
- Risk of brand relevance erosion among Gen Z/Gen Beta.

OPPORTUNITY

- Leverage strong brand equity in quality/value to maintain core
- Evolve positioning, design, and channel mix to capture Gen Z and prepare for Gen Beta.

A Long-term Competitiveness and Business Sustainability as Generation Shift

Strategy & Goals

SHORT TERM PRIORITIES → **LONG TERM PRIORITIES**

MAINTAIN

Sharpen design & fit to appeal across generations
(comfort stretch, hybrid casual styles)

Maintain loyalty of Gen X/Millennials with timeless SKUs, bundled offers, CRM-driven personalization

BUILD

Evolve brand narrative towards inclusivity, sustainability, and digital-first engagement

Strengthen Gen Z **channels**
(TikTok, live commerce, micro-KOL collaborations)

Launch innovation capsules with **ESG credibility** appealing to Gen Z values

Build community **engagement programs** to seed next generation
(co-creation, campus ambassadors)

EXPAND

Research Gen Beta **early signals**
(New portfolio)

A Long-term Competitiveness and Business Sustainability as Generation Shift

Recent Implementation & Outcomes

Generation shift is a material issue. Mc has demonstrated resilience in retaining its core while expanding Gen Z share

Key Actions

- Expanded presence in **TikTok and live commerce**, growing Gen Z traffic share by **+3 ppts YoY**
- **Loyalty CRM campaigns** retained high repeat rate among Millennials (**retention stable at ~47%**)
- Introduced **timeless and modern SKUs**, achieving **sell-through +8%** vs. classic core styles
- **Youth-focused promotions** (student pricing, bundle packs) delivered higher basket size among Gen Z shoppers

Comparative Analysis

Metric	FY24	FY25	Commentary
Gen Z Contribution	18%	21%	+3 ppts, driven by channel and assortment fit
Millennial Retention	48%	47%	Stable; loyalty campaigns effective
Gen X Contribution	29%	27%	Slightly lower but stable spend/basket size

THANK
YOU

MC GROUP