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16 August 2021

Subject: Management Discussion and Analysis for the Performance for the six-month period ended on 30 June 2021 (revised and inserted information)

To: President
The Stock Exchange of Thailand

The Board of Directors of Wow Factor Public Company Limited (the "Company") No.3/2021 held on 16 August 2021 agreed on a resolution to certify the financial statements and the performance for the [three-month](#) and six-month period ended on 30 June 2021 which was reviewed by the Auditor.

The overall of the Company's performance can be summarized as follows:

[Please see the following page]

Statement of Profit or Loss for the six-month periods ended 30 June

(Unit: Thousand Baht)

Performance (Statement of Profit or Loss)	2021	2020	Inc/(Dec)	%
Revenue				
Revenue from sales	183,792	222,862	(39,070)	(18)
Total revenue	183,792	222,862	(39,070)	(18)
Costs of sales	(95,908)	(169,907)	73,999	(44)
Total costs	(95,908)	(169,907)	73,999	(44)
Gross profit	87,884	52,955	34,929	66
Gain (loss) on exchange	(71)	5,097	(5,168)	(101)
Other income	2,954	2,187	767	35
Profit before expenses	90,767	60,239	30,528	51
Selling and distribution expenses	(133,454)	(44,345)	(89,109)	201
Administrative expenses	(84,900)	(54,765)	(30,135)	55
Remunerations for directors and management	(5,257)	(8,809)	3,552	(40)
Reversal of allowance for doubtful accounts	-	2,153	(2,153)	(100)
Total expenses	(223,611)	(105,766)	(117,845)	111
Loss before finance costs and income tax	(132,844)	(45,527)	(87,317)	192
Finance costs	(4,902)	(8,723)	3,821	(44)
Loss before income tax	(137,746)	(54,250)	(83,496)	154
Income tax	2,806	(1,175)	3,981	(339)
Loss for the period	(134,940)	(55,425)	(79,515)	143

Statement of Profit or Loss for the three- month periods ended 30 June

(Unit: Thousand Baht)

Performance (Statement of Profit or Loss)	2021	2020	Inc/(Dec)	%
Revenue				
Revenue from sales	87,780	121,051	(33,271)	(27)
Total revenue	87,780	121,051	(33,271)	(27)
Costs of sales	(48,140)	(98,632)	50,492	(51)
Total costs	(48,140)	(98,632)	50,492	(51)
Gross profit	39,640	22,419	17,221	77
Loss on exchange	(84)	(4,271)	4,187	(98)
Other income	2,308	1,657	651	39
Profit before expenses	41,864	19,805	22,059	111
Selling and distribution expenses	(68,122)	(17,183)	(50,939)	296
Administrative expenses	(43,800)	(25,368)	(18,432)	73
Remunerations for directors and management	(2,657)	(4,238)	1,581	(37)
Reversal of allowance for doubtful accounts	-	4,929	(4,929)	(100)
Total expenses	(114,579)	(41,860)	(72,719)	174
Profit (loss) before finance costs and income tax	(72,715)	(22,055)	(50,660)	230
Finance costs	(2,726)	(4,588)	1,862	(41)
Profit (loss) before income tax	(75,441)	(26,643)	(48,798)	183
Income tax	1,408	1,672	(264)	(16)
Loss for the year	(74,033)	(24,971)	(49,062)	196

Sales and cost of sales

Sales of goods can be grouped in 2 sectors as 1) producing and distributing of electronics parts and 2) selling foods and beverages. The details of sales and cost of sales are as below.

(Unit:Thousand Baht)

	For the three-month periods				For the six-month periods			
	ended 30 June		ended 30 June		ended 30 June		ended 30 June	
	2021	2020			2021	2020		
Producing and distributing electronics spare parts								
Income from sales of goods	-	86,751			-	149,353		
Cost of sales	-	(78,407)			-	(130,710)		
Gross profit	-	8,344	10%		-	18,643	12%	
Selling food and beverage								
Income from sales of goods	87,780	34,300			183,792	73,509		
Cost of sales	(48,140)	(20,225)			(95,908)	(39,197)		
Gross profit	39,640	14,075	45%	41%	87,884	34,312	48%	47%

Sales from producing and distributing electronics spare parts

Revenue from sales and cost of sales from producing and distributing electronics spare parts decreased from Q2 of year 2020 because the Company sold investment in a subsidiary (EIC Semiconductor Co., Ltd.) which manufactures and sell electronics parts in October 2020 caused revenue from sales and cost from production the electronics parts decreased by baht 87 million or 100 %. Gross profit margin was 10 % because the increases in raw material cost of the products manufactured for American customers.

Sales from selling food and beverages

Revenue from sales from selling food and beverages increased from Q2 of year 2020 by Baht 53 million since the Company completed acquisition of pizza restaurants business under the trademark "DOMINO'S PIZZA" in October 2020 which caused revenue in this quarter increased by Baht 40 million. It should be noted that, even though the COVID-19 situation has returned to epidemic and severe again, but the revenue from others F&B brands (excluding DOMINO'S PIZZA) is greater than Q2 of year 2020 in a number of Baht 13 million due to an increase in customer base both from sales strategy adjustments including opening more branches, namely Kagonoya Central Pinklao branch in December 2020 and Le Boeuf Ari branch in February 2021. Gross profit margin of food business was 45%, which is 4% greater than the gross profit margin of the same business in Q2 of year 2020. Since the Company has efficiently controlled the cost for delivery channel.

Revenue from F&B business for the six-month periods ended 30 June 2021 is about Baht 110 million increased from the same periods of the year 2020. While Gross profit margin is 1% increased.

Selling expenses

(Unit:Thousand Baht)

	For the three-month periods ended 30 June			For the six-month periods ended 30 June		
	2021	2020	Inc (Dec)	2021	2020	Inc (Dec)
Staff expenses	17,379	5,465	11,914	37,040	12,993	24,047
Rental and utilities expenses	14,717	3,286	11,431	30,801	11,692	19,109
Depreciation and amortization	15,425	2,557	12,868	29,364	9,477	19,887
Advertising	6,436	1,528	4,908	11,876	3,434	8,442
Supplies	3,980	1,408	2,572	6,123	2,300	3,823
Others	10,185	2,939	7,246	18,250	4,449	13,801
Total	68,122	17,183	50,939	133,454	44,345	89,109

Selling expenses of the Group company for the three-month and six-month period ended on 30 June 2021 increased from the year 2020 in a number of Baht 89 million and Baht 51 million respectively. The factor behind these increased is from the fact that the group company completed the business transfer transaction of pizza restaurants under the trademark “DOMINO’S PIZZA” in October 2020. From such completement, the company has consumed expensed from “DOMINO’S PIZZA” business which are; employees’ expense, selling expenses, Royalty fee, and operation supplies, advertisement and sales promotion.

Administrative expenses

(Unit:Thousand Baht)

	For the three-month periods ended 30 June			For the six-month periods ended 30 June		
	2021	2020	Inc (Dec)	2021	2020	Inc (Dec)
Staff expenses	15,560	6,075	9,485	31,108	15,366	15,742
Professional fees	5,343	6,774	(1,431)	9,349	11,035	(1,686)
Rental expenses	553	1,184	(631)	1,099	2,426	(1,327)
Depreciation and amortization	14,757	9,710	5,047	29,602	16,390	13,212
Others	7,587	1,625	5,962	13,742	9,549	4,193
Total	43,800	25,368	18,432	84,900	54,766	30,134

Administrative expenses of the Group increased from Q2 of year 2020 by Baht 18 million due to a subsidiary completed the acquisition business transfer pizza restaurants under the trademark "DOMINO'S PIZZA" in October 2020 which caused the employee costs, depreciation and amortization expenses and other expenses increased. Anyhow, rental and service fee decreased because EIC Semiconductor Co., Ltd. (a subsidiary) which the Company sold investment in October 2020 had office rental fee about Baht 0.2 million per month. Moreover, the acquisition business transfer of DOMINO'S PIZZA in 2020 was the cause of the increase in legal counsel and profession fee from risk assessment process.

Directors and Managements' remuneration

The remuneration decreased from Q2 of year 2020 by Baht 1.6 million because the selling of investment in EIC Semiconductor Co., Ltd. caused the managements' salary decreased by Baht 1.4 million, also the average managements' salary decreased by Baht 0.1 million per month comparing to the last year.

Gain (Loss) on Exchange Rate

Gain (Loss) on exchange rate occurred mostly from the export sales of electronic parts of EIC Semiconductor Co., Ltd., especially from USA. On the second quarter of 2020, the baht appreciated against the US dollar. As a result, the Group had a loss on foreign exchange of 4.3 million baht. The company sold its investment in EIC Semiconductor Company Limited in October 2020, causing a decrease in the amount in the second quarter of 2021.

However, on the first quarter of 2020, the baht depreciated significantly compared to the US dollar. Resulting in a foreign exchange gain from EIC Semiconductor Co., Ltd. amounting to 9.4 million baht, resulting in even the 2nd quarter of 2020, there will be a foreign exchange loss of 4.3 million baht for the six-month period ended 30 June 2020. Therefore, the Group still has a profit from foreign exchange of 5.1 million baht.

Allowance for doubtful accounts

In Q2 of year 2020, EIC Semiconductor Co., Ltd., a subsidiary, received the payment from accounts receivable who recorded the allowance for doubtful account amounting to Baht 4.9 million. Anyhow in 2021, the Company has operated only food business which mostly has no outstanding balance, so there is no record or reverse the allowance for doubtful accounts during the period.

Finance cost

The financial cost decreased from Q2 of 2020 Baht 1.9 million due to the selling of investment in EIC Semiconductor Co., Ltd. in October 2020 which caused lease liabilities decreased by Baht 203 million effected the interest from lease agreements decreased by Baht 3.2 million. At the same time, the Group has the first adopted the amend financial reporting standards effected in 1 January 2020 so finance cost had increased from lease by Baht 1.6 million.

Income Tax

The Company had income from income tax increased for the six-month periods ended 30 June for Baht 4 million. The main reason was in the Q1 of 2020, the subsidiary reversed deferred tax assets arising from compensation provisions due to the received payment of Baht 2.4 million, besides for the six-month periods ended 30 June, the increase in amortization of deferred tax liabilities due to the reversal of loss from impairment of trademark "BAKE" at the end of year 2020.

The income tax revenue in the second quarter of 2021 is slightly decreased from the second quarter of 2020.

Please be informed accordingly.

Sincerely yours

Mr. Sirutt Ratanapaitoon
Director/ Chief Financial Officer