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Ref. W-AD007/2022

25 February 2022

Subject: Management Discussion and Analysis for the Performance for the year ended on 31 December 2021

To: President
The Stock Exchange of Thailand

The Board of Directors of Wow Factor Public Company Limited (the "Company") No.2/2022 held on 25 February 2022 agreed on a resolution to certify the financial statements and the performance for the year ended on 31 December 2021 which was audited 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 year ended on 31 December

(Unit: Baht)

Performance (Statement of Profit or Loss)	2021	2020	Inc/(Dec)	%
Revenue				
Revenue from sales	412,455,935	415,615,163	(3,159,228)	(1)
Total revenue	412,455,935	415,615,163	(3,159,228)	(1)
Costs of sales	(219,011,056)	(285,991,706)	66,980,650	(23)
Total costs	(219,011,056)	(285,991,706)	66,980,650	(23)
Gross profit	193,444,879	129,623,457	63,821,422	49
Reversal of allowance for doubtful accounts	-	3,067,046	(3,067,046)	(100)
Reversal of loss on impairment of intangible assets	-	22,139,760	(22,139,760)	(100)
Gain (loss) on exchange rate	(319,941)	7,182,440	(7,502,381)	(104)
Interest income	10,090	144,990	(134,900)	(93)
Other income	13,755,564	4,126,700	9,628,864	233
Profit before expenses	206,890,592	166,284,393	40,606,199	24
Selling and distribution expenses	(281,033,820)	(133,147,353)	(147,886,467)	111
Administrative expenses	(181,270,768)	(116,296,192)	(64,974,576)	56
Remunerations for directors and management	(9,904,338)	(14,880,232)	4,975,894	(33)
Loss on impairment of investments in subsidiary	-	(119,790,528)	119,790,528	(100)
Total expenses	(472,208,926)	(384,114,305)	(88,094,621)	23
Loss before finance costs and income tax	(265,318,334)	(217,829,912)	(47,488,422)	22
Finance costs	(16,779,404)	(16,583,786)	(195,618)	1
Loss before income tax	(282,097,738)	(234,413,698)	(47,684,040)	20
Income tax	5,645,899	(2,716,335)	8,362,234	(308)
Loss for the year	(276,451,839)	(237,130,033)	(39,321,806)	17

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)

	2021		2020	
Producing and distributing electronics spare parts				
Income from sales of goods	-		205,905	
Cost of sales	-		(180,857)	
Gross profit	-	0%	25,048	12%
Selling food and beverages				
Income from sales of goods	412,456		209,710	
Cost of sales	(219,011)		(105,135)	
Gross profit	193,445	47%	104,575	50%

Sales from Producing and distributing electronics spare parts

Revenue from sales and cost of sales from producing and distributing electronics spare parts decreased from year 2020 because the Company sold investment in a subsidiary (EIC Semiconductor Co., Ltd.) in October 2020 caused revenue from sales and cost from production the electronics parts decreased by Baht 206 million equal to 100%. Gross profit margin was 12% 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 year 2020 by Baht 203 million since the Company completed acquisition of pizza restaurants business under the trademark DOMINO'S PIZZA in October 2020 which caused revenue increased by Baht 133 million and revenue from sales from selling food and beverages excluded DOMINO'S PIZZA increased for Baht 70 million. Even in 2021, the Thai economy is still affected by the Covid-19 situation, causing the Communicable Disease Coronavirus 2019 (COVID-19) (CDC) raised the level of measures to control the COVID-19 and in force for a longer period than the year 2020, but the sales of all brands excluded DOMINO'S PIZZA have increased. In particular, the sales of Kagonoya shabu brand was increased by 52% compare with year 2020 due to the increasing of customer base caused from the adjustment of strategy of sales and menu since mid-2020, as well as opening new branches at Central Rama 9 and Central Rama 3 during 2021 which it has received good feedback from the customers. Due to government policies in forced in longer period and stricter (the department stores and community malls were

closed in August 2021), resulting a proportion of delivery sales in 2021 was increased which caused the average gross margin of the group Company decreased by approximately 3% (the average cost of delivery is higher than dine in restaurant around 5 – 10%).

In this regard, the Company sold the investment in producing and distributing electronics spare parts since October 2020, the total of sales in year 2021 was not different from 2020.

Allowance for doubtful accounts

In the year 2020, EIC Semiconductor Co., Ltd., a subsidiary, received the payment from accounts receivable who recorded the allowance for doubtful account amounting to Baht 3 million. Anyhow in 2021, the Company has operated only Food & Beverage business which mostly has no outstanding balance, so there is no record or reverse the allowance for doubtful accounts during the year.

Reversal of loss from Impairment of Intangible Assets

In 2020, the Company hired independent appraisal to evaluate investment value in subsidiaries and trademark. Because the performance of Bake Cheese Tart brand is better as a result of the reversal of losses from trademark Baht 22 million. This reversal of losses were not related with normal operation.

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 export to USA. In year 2020, the baht depreciated against the US dollar. As a result, the group company had a gain on foreign exchange of Baht 7.1 million. The company sold its investment in EIC Semiconductor Co., Ltd. in October 2020, causing a decrease in year 2021.

Other Income

Other income increased from year 2020 for Baht 9.6 million, mainly from the rental fee discounts during COVID-19 period for Baht 6.3 million. In addition, due to the group company operates in food and beverage business, thus, it had received a subsidy from the government for Baht 4.0 million.

Selling expenses

	(Unit: Thousand Baht)		
	2021	2020	Inc/(Dec)
Employee costs	77,343	37,997	39,346
Rental, service fee and utilities expenses	62,438	34,086	28,352
Depreciation and amortization	58,563	31,045	27,518
Advertisement and sales promotion	32,312	10,951	21,361
Supplies	15,851	5,315	10,536
Others	34,527	13,753	20,774

Total	281,034	133,147	147,887
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Selling expenses of the group company for the year 2021 increased from the year 2020 for Baht 148 million. 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, now has 31 stores. From such completement, the company has consumed expensed from DOMINO'S PIZZA business which are employees' expense, and selling expenses such as commission, royalty fee, operation supplies, advertisement and sales promotion.

Administrative expenses

(Unit: Thousand Baht)			
	2021	2020	Inc/(Dec)
Employee costs	74,901	36,147	38,754
Professional fee (a)	16,551	14,526	2,025
Rental and service fee (b)	5,389	4,167	1,222
Depreciation and amortization expenses	60,547	38,390	22,157
Others	23,883	23,067	816
Total	181,271	116,297	64,974

Administrative expenses increased from year 2020 by Baht 65 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 and depreciation and amortization expenses increased.

(a) Professional fee increased from the year 2020 mainly caused from legal advisory fee and the fee for opening the number 1450 to be used as the main business number of DOMINO'S PIZZA for Baht 1.2 million.

(b) Rental and service fee increased from the year 2020 mainly caused from warehouse rental fee for Baht 2.7 million. The Company sold investment in EIC Semiconductor Co., Ltd. (a subsidiary) in October 2020, therefore, the Company's rental fee decreased about Baht 0.2 million. Thus, the overall rental and service fees were not much higher.

Directors and Managements' remuneration

The remuneration decreased from year 2020 by Baht 5.0 million because the selling of investment in EIC Semiconductor Co., Ltd. caused the managements' salary decreased by Baht 4.2 million

Loss from selling investment in a subsidiary

During the year 2019, the Company sold investment in a subsidiary (EIC Semiconductor Co., Ltd.) 49% for Baht 118 million and the Company sold the remaining of investment (51%) in Q4, 2020 to unrelated person for Baht 122 million and recorded as loss from selling the investment according to equity method for Baht 120 million in income statement. This loss was not related with normal operation.

Income Tax

The Company had income from income tax increased for year 2020 for Baht 8.3 million. The main reason was in the Q1 in year 2020, the subsidiary reversed deferred tax assets arising from compensation provisions due to the received payment of Baht 2.4 million. Moreover, in 2021 the Company recorded additional deferred tax liabilities from reversal of loss from impairment of trademark BAKE incurred at the end of 2020.

Please be informed accordingly.

Sincerely yours

-signed by-

(Ms. Vimol Hanpanishkitkarn)
Director/ Chief Financial Officer