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11 August 2022

Subject: Management Discussion and Analysis for the Performance for the three-month and six-month periods ended on 30 June 2022

To: President  
The Stock Exchange of Thailand

The Board of Directors of Wow Factor Public Company Limited (the "Company") No.4/2022 held on 11 August 2022 agreed on a resolution to certify the financial statements and the performance for the three-month and six-month periods ended on 30 June 2022 which was reviewed by the Auditor.

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

*[Please see the following page]*

(Unit: Thousand Baht)

Performance (Statement of Profit or Loss)	The three-month periods ended on 30 June				The six-month periods ended on 30 June			
	2022	2021	Increase/ (Decrease)	%	2022	2021	Increase/ (Decrease)	%
Revenue from sales	171,499	87,780	83,719	95	322,855	183,792	139,063	76
Costs of sales	(95,121)	(48,140)	(46,981)	98	(177,823)	(95,908)	(81,915)	85
<b>Gross profit</b>	<b>76,378</b>	<b>39,640</b>	<b>36,738</b>	<b>93</b>	<b>145,032</b>	<b>87,884</b>	<b>57,148</b>	<b>65</b>
Other income	1,323	2,308	(985)	(43)	3,494	2,954	540	18
<b>Profit before expenses</b>	<b>77,701</b>	<b>41,948</b>	<b>35,753</b>	<b>85</b>	<b>148,526</b>	<b>90,838</b>	<b>57,688</b>	<b>64</b>
Selling and distribution expenses	(118,891)	(68,122)	(50,769)	75	(216,558)	(133,454)	(83,104)	62
Administrative expenses	(56,459)	(43,800)	(12,659)	29	(106,164)	(84,900)	(21,264)	25
Remunerations for directors and management	(2,170)	(2,657)	487	(18)	(4,383)	(5,257)	874	(17)
Loss on exchange rate	(561)	(84)	(477)	568	(702)	(71)	(631)	889
<b>Total expenses</b>	<b>(178,081)</b>	<b>(114,663)</b>	<b>(63,418)</b>	<b>55</b>	<b>(327,807)</b>	<b>(223,682)</b>	<b>(104,125)</b>	<b>47</b>
<b>Loss before finance costs and income tax</b>	<b>(100,380)</b>	<b>(72,715)</b>	<b>(27,665)</b>	<b>38</b>	<b>(179,281)</b>	<b>(132,844)</b>	<b>(46,437)</b>	<b>35</b>
Finance costs	(14,755)	(2,726)	(12,029)	441	(26,724)	(4,902)	(21,822)	445
<b>Loss before income tax</b>	<b>(115,135)</b>	<b>(75,441)</b>	<b>(39,694)</b>	<b>53</b>	<b>(206,005)</b>	<b>(137,746)</b>	<b>(68,259)</b>	<b>50</b>
Income tax	1,408	1,408	-	-	2,806	2,806	-	-
<b>Loss for the period</b>	<b>(113,727)</b>	<b>(74,033)</b>	<b>(39,694)</b>	<b>54</b>	<b>(203,199)</b>	<b>(134,940)</b>	<b>(68,259)</b>	<b>51</b>

## Sales and cost of sales

Revenue from sales of goods of the Group is from selling foods and beverages from the brand Domino's Pizza, Kagonoya Shabu, BAKE WORKS, Le' Boeuf, Crepes & Co., and Jardin Du Boeuf brands.

(Unit: Thousand Baht)

	The three-month periods		The six-month periods	
	ended on 30 June		ended on 30 June	
	2022	2021	2022	2021
<b>Selling foods and beverages</b>				
Income from sales of goods	171,499	87,780	322,855	183,792
Cost of sales	(95,121)	(48,140)	(177,823)	(95,908)
Gross profit	76,378	39,640	145,032	87,884
Gross profit margin	45%	45%	45%	48%

Revenue from selling foods and beverages in the second quarter of 2022 increased from the same quarter of the prior year by Baht 83.7 million caused by the growth of all brands, especially the sales of Domino's Pizza, which is higher than the second quarter of 2021 amounting to Baht 34 million. According to the brand is more well-known, including the expansion of branches from 26 stores as of 30 June 2021 to 38 stores as of 30 June 2022, enabling to reach more groups of customers. Furthermore, the continued growth of the brand "Kagonoya Shabu", as a result from Covid Relief Measures, leads to increasing sales of both dine-in and delivery. As well as the opening of the Ratchakru branch in the second quarter of 2022 and the opening of the Central Rama 9 and the Central Rama 3 branches during 2021, had got good feedback. As a result, sales increased by Baht 33.1 million from the same quarter of the prior year. For gross profit margin of the second quarter of 2022 was not a significant change from 2021 at the rate of 45%. The adjustment in the increased selling price was in line with the increased cost. Including adaptation of the cost control and purchasing substitute raw materials of the Group.

Revenue from selling foods and beverages for the six-month period ended on 30 June 2022 increased from 2021 by Baht 133 million for the same reason of the second quarter. However, the gross profit margin decreased by 3% due to the increase in raw material prices both domestically and overseas since the beginning of the year.

## Other income

Other income of the second quarter of 2022 decreases from the same quarter of the prior year by Baht 1 million. Since in 2021, the Group has received the discount of rental fee due to the Government's order of the temporary closure of premises. Currently, the Group has no longer obtained the discount for current year.

Other income for the six-month period increased from the same period of the prior year by Baht 0.5 million, mainly due to the Company has received a rebate from suppliers due to the purchase of goods exceeding the agreed quantities.

### Selling expenses

(Unit: Thousand Baht)

	The three-month periods ended on 30 June				The six-month periods ended on 30 June			
	2022	2021	Increase/ (Decrease)	%	2022	2021	Increase/ (Decrease)	%
Employee costs	37,798	17,379	20,419	117%	69,165	37,040	32,125	87%
Rental, service fee and utilities expenses	21,471	14,719	6,752	46%	40,901	30,801	10,100	33%
Depreciation and amortization	22,473	15,425	7,048	46%	41,019	29,364	11,655	40%
Advertisement and sales promotion	17,866	8,476	9,390	111%	28,664	13,917	14,747	106%
Supplies	4,395	3,988	407	10%	9,703	6,132	3,571	58%
Royalty fee	4,961	2,153	2,808	130%	9,363	4,166	5,197	125%
Others	9,927	5,982	3,945	66%	17,743	12,034	5,709	47%
<b>Total</b>	<b>118,891</b>	<b>68,122</b>	<b>50,769</b>	<b>75%</b>	<b>216,558</b>	<b>133,454</b>	<b>83,104</b>	<b>62%</b>

Selling expenses of the Group for the second quarter and the six-month period of 2022 increased from the same period of the prior year by Baht 50.8 million and Baht 83.1 million, in respectively, mainly from the continually increasing of employee costs, rental fee, service fee, utilities expenses, depreciation and amortization according to the business expansion strategy of Domino's Pizza branches and other brands. Moreover, the advertisement, marketing campaign and royalty fee also increased according to the growth of sales of the Group. However, the ratio of the selling expenses compared to the sales in the second quarter and six-month period of 2022 has decreased from the same period of the prior year.

## Administrative expenses

(Unit: Thousand Baht)

	The three-month periods ended on 30 June				The six-month periods ended on 30 June			
	2022	2021	Increase/ (Decrease)	%	2022	2021	Increase/ (Decrease)	%
Employee costs	25,474	15,559	9,915	64%	48,639	31,109	17,530	56%
Legal consultation fee and professional service fees	3,252	5,343	-2,091	-39%	6,398	9,349	-2,951	-32%
Rental and service fee	1,860	553	1,307	236%	3,360	1,099	2,261	206%
Depreciation and amortization expenses	15,512	14,758	754	5%	30,662	29,602	1,060	4%
Others	10,361	7,587	2,774	37%	17,105	13,741	3,364	24%
Total	<u>56,459</u>	<u>43,800</u>	<u>12,659</u>	<u>29%</u>	<u>106,164</u>	<u>84,900</u>	<u>21,264</u>	<u>25%</u>

Administrative expenses for the second quarter and the six-month period of 2022 increased from the same period of the prior year by Baht 12.7 million and Baht 21.3 million, in respectively mainly from the increase in employee expenses, rental fee, service fee, depreciation and amortization expenses to support the expansion of the Group's business. Moreover, in the second quarter of 2022, the Group had a loss on write-off assets amounting to Baht 2.5 million from closing the branches due to the expiration of rental agreements and sale targets are missed; However, legal consultation fees and professional service fees decrease by Baht 2.1 million because the Company had the capital restructuring as a result the decreased number of registered shares leads to less fee charged by the Thai Securities Depository in 2022.

## Finance costs

Finance costs increased from the second quarter of 2021 by Baht 12.0 million, which was in trend with the increase in short-term loans that increase from Baht 74.7 million as of 30 June 2021 to Baht 472 million as of 30 June 2022. Therefore, the Company is in the midst of raising capital to reduce the loan ratio, use for branch expansion and working capital.

Please be informed accordingly

Sincerely yours

-Signed-

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(Ms. Vimol Hanpanishkitkarn)  
Director / Chief Financial Officer