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14 November 2022

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

To: President
The Stock Exchange of Thailand

The Board of Directors of Wow Factor Public Company Limited (the "Company") No.5/2022 held on 11 November 2022 agreed on a resolution to certify the financial statements and the performance for the three-month and nine-month periods ended on 30 September 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 Comprehensive Income)	The three-month period ended on 30 September				The nine-month period ended on 30 September			
	2022	2021	Increase/ (Decrease)	%	2022	2021	Increase/ (Decrease)	%
Revenue from sales	166,667	85,549	81,118	95	489,522	269,341	220,181	82
Costs of sales	(86,855)	(48,846)	(38,009)	78	(264,678)	(144,754)	(119,924)	83
Gross profit	79,812	36,703	43,109	117	224,844	124,587	100,257	80
Other income	1,445	5,926	(4,481)	(76)	4,939	8,880	(3,941)	(44)
Profit before expenses	81,257	42,629	38,628	91	229,783	133,467	96,316	72
Selling and distribution expenses	(107,794)	(61,681)	(46,113)	75	(324,352)	(195,135)	(129,217)	66
Administrative expenses	(54,465)	(47,846)	(6,619)	14	(160,629)	(132,746)	(27,883)	21
Remunerations for directors and management	(2,636)	(2,455)	(181)	7	(7,019)	(7,712)	693	(9)
Loss on exchange rate	(981)	(291)	(690)	237	(1,683)	(362)	(1,321)	365
Total expenses	(165,876)	(112,273)	(53,603)	48	(493,683)	(335,955)	(157,728)	47
Loss before finance costs and income tax	(84,619)	(69,644)	(14,975)	22	(263,900)	(202,488)	(61,412)	30
Finance costs	(17,580)	(4,520)	(13,060)	289	(44,304)	(9,422)	(34,882)	370
Loss before income tax	(102,199)	(74,164)	(28,035)	38	(308,204)	(211,910)	(96,294)	45
Income tax	1,420	1,420	-	-	4,226	4,226	-	-
Loss for the period	(100,779)	(72,744)	(28,035)	39	(303,978)	(207,684)	(96,294)	46

Sales and cost of sales

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

(Unit: Thousand Baht)

	The three-month period		The nine-month period	
	ended on 30 Sep		ended on 30 Sep	
	2022	2021	2022	2021
Selling foods and beverages				
Income from sales of goods	166,667	85,549	489,522	269,341
Cost of sales	(86,855)	(48,846)	(264,678)	(144,754)
Gross profit	79,812	36,703	224,844	124,587
Gross profit margin	48%	43%	46%	46%

Revenue from selling foods and beverages in the third quarter of 2022 increased from the same quarter of the previous year by Baht 81 million because of COVID-19 pandemic in Thailand is on a downward trend, leading to the growth of all brand, especially the sales of Domino's Pizza, which has increased from the third quarter of 2021 in the amount of Baht 26 million. According to the brand is more well-known, including the expansion of branch from 25 stores as of 30 September 2021 to 38 stores as of 30 September 2022, enabling to reach more groups of customers. Furthermore, the continued growth and branch expansion during 2022 of the "Kagonoya Shabu", leads to an increase of sales in the amount of Baht 32 million from the third quarter of the previous year. In addition, the latest opening branch at Central World on 23 September 2022 also got good feedback. Therefore, the comparison of the gross profit margin rate has increased by 5 percent from the third quarter of the previous year. Because of the delivery sales portion increased, and effected to the cost of sales which also increase, due to an official order of the Centre for the Administration of the Situation due to the Outbreak of the Communicable Disease Coronavirus 2019 (COVID-19) announced to close restaurants in the Department Stores and Community Malls in partial dates in the third quarter 2021.

Revenue from selling foods and beverages for the nine-month period ended on 30 September 2022 increased from 2021 by Baht 220 million for the same reason of the third quarter. However, the portion of delivery sales in 2022 decreased from 2021. Gross profit margin was not much different from the prior year because the raw material prices both domestically and overseas increased since the beginning of the year.

Other income

Other income decreased from the third quarter of 2021 in the amount of Baht 4 million. Because in 2021, the Group received rental fee discounts during COVID-19 period for Baht 3.7 million. Currently, the Group has no longer obtained the discount for the current year. The decrease in other revenue for the nine-month period ended 30 September 2022 was the same reason as in the third quarter of 2022.

Selling expenses

(Unit: Thousand Baht)

	The three-month period ended on 30 September				The nine-month period ended on 30 September			
	2022	2021	Increase/ (Decrease)	%	2022	2021	Increase/ (Decrease)	%
Employee costs	35,241	15,922	19,319	121%	104,406	52,962	51,444	97%
Rental, service fee and utilities expenses	22,562	11,394	11,168	98%	65,549	42,195	23,354	55%
Depreciation and amortization	23,305	14,411	8,894	62%	62,468	43,775	18,693	43%
Advertisement and sales promotion	11,098	6,559	4,539	69%	39,763	20,476	19,287	94%
Supplies	3,705	3,754	(49)	-1%	13,408	9,885	3,523	36%
Royalty fee	4,627	2,200	2,427	110%	13,990	6,366	7,624	120%
Others	7,256	7,441	(185)	-3%	24,768	19,476	5,292	27%
Total	107,794	61,681	46,113	75%	324,352	195,135	129,217	66%
Selling Expense per Revenue Ratio	65%	72%			66%	72%		

Selling expenses of the Group for the third quarter and the nine-month period of 2022 increased from the same period of the prior year by Baht 46 million and Baht 129 million, in respectively from the continually increasing employee costs, rental fees, service fees, utility 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 third quarter and nine-month period of 2022 has decreased from the same period of the previous year.

Administrative expenses

(Unit: Thousand Baht)

	The three-month period ended on 30 September				The nine-month period ended on 30 September			
	2022	2021	Increase/ (Decrease)	%	2022	2021	Increase/ (Decrease)	%
Employee costs	23,330	21,398	1,932	9%	71,970	52,505	19,465	37%
Legal consultation fee and professional service fees	2,562	4,293	(1,731)	-40%	8,960	13,642	(4,682)	-34%
Rental and service fee	610	510	100	20%	1,885	1,609	276	17%
Depreciation and amortization expenses	17,011	15,826	1,185	7%	49,529	45,428	4,101	9%
Others	10,952	5,819	5,133	88%	28,285	19,562	8,723	45%
Total	<u>54,465</u>	<u>47,846</u>	<u>6,619</u>	<u>14%</u>	<u>160,629</u>	<u>132,746</u>	<u>27,883</u>	<u>21%</u>

Administrative expenses for the third quarter and the nine-month period of 2022 increased from the same period of the previous year by Baht 7 million and Baht 28 million, respectively from the increase employee expenses, rental fees, service fees, depreciation and amortization expenses to support the expansion of the Group's business. In addition, for the nine-month period of 2022, the Group had a loss on write-off assets amounting to Baht 5.9 million from closing the branches and office building due to the expiration of rental agreements and missing the sales target (third quarter amounting to Baht 2.8 million). However, legal consultation fees and professional service fees decreased by Baht 1.7 million and Baht 4.7 million, due to 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 and SET trading fee in 2022.

Finance costs

Finance costs increased from the third quarter of 2021 by Baht 13 million, which was in trend with the increase in short-term loans that increase from Baht 119 million as of 30 September 2021 to Baht 528 million as of 30 September 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-

(Ms. Vimol Hanpanishkitkarn)
Director / Chief Financial Officer