

20 December 2022

Subject Management Discussion and Analysis

To Director
The Stock Exchange of Thailand

Warrix Sport Public Company Limited has submitted the financial statement for year- end 2021 as of 31 December 2021 that has been audited by the authorized auditor to The Stock Exchange of Thailand. The Company had net income of 14.24 Million Baht, increased by 12.00% compared to the financial statement for year- end 2020 which had net income of 12.74 Million Baht. The major causes of changing in operation results are as following:

Unit: Million Baht

Comprehensive Income Statement	2021 (Separated) (Amended)		2022 (Consolidated) (Amended)	
	Mil Baht	ร้อยละ	Mil Baht	ร้อยละ
Revenue				
Seles and service revenue	655.22	98.99	647.69	98.42
Other income	6.68	1.01	10.40	1.58
Total revenue	661.90	100.00	658.09	100.00
Expenses				
Cost of goods sold and service	380.97	57.56	355.49	54.02
Selling expenses	181.20	27.38	200.39	30.45
Administration Expenses	62.04	9.37	66.45	10.10
Financial cost	21.21	3.20	17.73	2.69
Total expenses	645.42	97.51	640.06	97.26
Earnings before tax	16.48	2.49	18.03	2.74
Tax Expenses	3.74	0.57	3.79	0.58
Net income	12.74	1.92	14.24	2.16
Profit from employee benefit valuation	-	0.00	0.92	0.14
Adjustment for exchange rate	-	0.00	(0.06)	(0.01)
Comprehensive Income	12.74	1.92	15.10	2.29

For Year 2021, total revenue from sales and service amounting of 647.96 Million Baht, which nearly to year 2020, decreased 7.53 Million Baht or 1.15 % from 2020 because of Covid-19 outbreak that the Company has been impacted since 2020 until 2021. Moreover, the Company had service revenue by starting the operation of physiotherapy clinic in 2020, which generated revenue of 1.47 Million Baht in year 2020 and increased to 3.55 Million Baht in year 2021.

For Year 2020 and 2021, Non – Licensed products could generate income to the Company around 80.00% that the major portion was classic product. The increasing in 2021 was in line with the policies and marketing strategy of the Company which aims to develop Non-Licensed products in order to expand the customer base from the group used only for exercise to other groups of customers as well, including to expand to other businesses in the future.

Selling expenses in Year 2020 and 2021 amounting to 181.20 Million Baht, 200.39 Million Baht or 27.38% and 30.45% of total revenue respectively. The major portions of selling expenses were the selling promotion expenses which comprised the promotion cost by the sponsorship agreement that the Company has been a sponsor for various sport associations in kinds of money or goods. For year 2020 and 2021, the Company had selling promotion expenses related to sponsor agreements amounting to 49.02 Million Baht and 61.77 Million Baht respectively. In addition, the Company focuses more on online channels because of Covid-19 situation, so there were more expenses of selling via E – Market Place channel and online channel in the same direction as sales increase due to changing from traditional trades such as retail shops to online channel.

Administration expenses for year 2020 and 2021 were 62.04 Million Baht and 66.45 Million Baht respectively. The main was employees' salary of 37.99 Million Baht and 38.11 Million Baht respectively.

Operation performance ending 31 December 2020 - 2021

Description	Unit	2020	2021
Total Asset	Million Baht	727.35	746.56
Total Liabilities	Million Baht	564.06	571.30
Total equities	Million Baht	163.29	175.27
Total revenue	Million Baht	661.90	658.09
Cost & Expenses	Million Baht	645.42	640.06
Net profit (loss)	Million Baht	12.74	14.24
Earnings per share ^{/1}	Baht/share	1.27	1.42
Earnings per share (Fully diluted) ^{/2}	Baht/share	0.02	0.02
Return of Asset	%	1.76	1.93
Return of equity	%	7.89	8.41

Description	Unit	2020	2021
Debt to Equity Ratio	Times	3.45	3.26
Gross Profit Margin	%	41.86	45.11
Net Profit Margin	%	1.92	2.16
Dividend payout ratio	%	24.49 ³	21.92 ⁴

Remark:

¹ Calculated from paid-up capital of 100 Million Baht (10 million shares) for year 2019-2021 and 120 Million Baht (420 million shares for year 2022 at par value THB 0.5).

² Fully diluted, after IPO at 600 mil shares.

³ Dividend paid in 2020 totally 3.12 Million Baht from profit of year 2020.

⁴ Dividend paid in 2020 totally 70 Million Baht from accumulated income at the end of year 2021.

Financial Status

Total Asset

Total Asset in Year 2020 and 2021 was amounting to 727.35 Million Baht and 746.56 Million Baht respectively. Current asset as of Year 2020 and 2021 was amounting to 452.47 Million Baht and 516.35 Million Baht around 62.21% and 69.16% of total asset respectively. For Year 2021, the Company has cash and cash equivalent increasing from short-term loan from financial institution as the main cause.

Account receivable-domestic for year 2020 and Year 2021 was amounting to 90.95 Million Baht and 124.90 Million Baht respectively. Most of the account receivables were mainly caused from sale of sport wears, sport equipment, and other products. Main portion of account receivables were department stores, convenience stores, conventional shop that sell the Company's products to end-users.

Inventories were the substantial portion of the business. For Year-end 2020 and Year 2021, the amount was 329.63 Million Baht and 341.97 Million Baht or 45.32% and 45.81% of total asset respectively. The portion of inventories were high comparing to other assets as it has to maintain the level of its stocks to serve for the demand of consumers. The amount of stocks increased especially during the end of 2021 to the beginning of 2022 as Thai football national team was the champion in AFF Suzuki Cup.

Right-of-Use assets of the Company as of ending of Year 2020 and Year 2021 was amounting to 55.86 Million Baht and 26.56 Million Baht or 7.68% and 3.56% of total asset respectively. Right-of-Use assets comprised selling area, warehouse, and building's right of use.

Liabilities

As of ending Year 2020 and Year 2021, total liabilities were 564.06 Million Baht and 571.30 Million Baht or 77.55% and 76.52% of total liabilities and shareholders' equity respectively. Current liabilities as of Year

2020 and Year 2021 was 524.52 Million Baht and 548.10 Million Baht or 72.11% and 73.53% of total liabilities and shareholders' equity respectively.

Most of current liabilities were overdraft and short-term loans from financial institutions used to maintain its liquidity. As of ending Year 2020 and Year 2021 was amounting to 338.79 Million Baht and 382.72 Million Baht or accounting at 46.58% and 51.26% of total liabilities and shareholders' equity respectively

Account payables and other payable as of ending of 2019-2021 was amounting to 128.60 Million Baht and 132.56 Million Baht or 17.68% and 17.76% of total liabilities and shareholders' equity respectively.

Long term loan (included the portion maturing within 1 Year) that the Company used for working capital for operation as of Year 2020 and Year 2021 was 32.28 Million Baht and 21.61 Million Baht or 4.44% and 2.89% of total liabilities and shareholders' equity respectively.

Rental payable (included the portion maturing within 1 Year) as of Year 2020 and Year 2021 was amounting to 48.05 Million Baht and 21.50 Million Baht or 6.61% and 2.88% of total liabilities and shareholders' equity respectively. Rental payable in Year 2021 decreased from the previous year as the company cancelled rental agreement of a traditional shop, and its previous warehouse to prepare for the new warehouse system.

Total equities for year 2019 to year 2021 were 163.29 Million Baht and 175.26 Million Baht or 22.45% and 23.48% of total liabilities and shareholders' equity respectively. Total equity increased continuously in Year 2020 and Year 2021 as operation profit of the Company increased steadily every year. The Company has retained earning as at 31December 2020 and 2021 at 63.29 Million Baht and 75.32 Million Baht respectively.
