

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 the 3rd quarter of 2022 ending September 30, 2022, that has been audited by the authorized auditor to The Stock Exchange of Thailand. The Company had net income of 65.41 Million Baht, increased by 391.10% compared to the financial statement for the 3rd quarter of 2021 which had net loss of 22.47 Million Baht. The major causes of changing in operation results are as following:

Unit: Million Baht

Comprehensive Income Statement	9 month period 2022 (Consolidated)		9 month period 2021 (Consolidated) (Amended)	
	Mil Baht	ร้อยละ	Mil Baht	ร้อยละ
Revenue				
Seles and service revenue	690.06	98.93	418.78	98.36
Other income	7.43	1.07	6.98	1.64
Total revenue	697.49	100.00	425.76	100.00
Expenses				
Cost of goods sold and service	377.11	54.07	236.86	55.63
Selling expenses	174.78	25.06	151.61	35.61
Administration Expenses	51.53	7.39	51.50	12.10
Financial cost	11.66	1.67	13.71	3.22
Total expenses	615.08	88.19	453.68	106.56
Earnings before tax	82.41	11.81	-27.92	-6.56
Tax Expenses	17.00	2.43	-5.46	-1.28
Net income	65.41	9.38	-22.46	-5.28
Profit from employee benefit valuation	0.70	0.10	-	0
Adjustment for exchange rate	-	0.00	-	0
Comprehensive Income	66.11	9.48	-22.46	-5.28

For the first 9 months of 2021 and 2022, total revenue from sales and service amounting of 418.78 Million Baht and 690.06 Million Baht respectively, an increase of 271.28 Million Baht, representing 64.78%, with more than 80% of the main income coming from the group. Non-Licensed products, which increased by 213.32 Million Baht, representing 62.70%.

For the first 9 months of 2021 and 2022, Non – Licensed products could generate income to the Company around 80.00% that the major portion was classic product. The increasing 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 for the first 9 months of 2021 and 2022, amounting to 151.61 Million Baht, 174.78 Million Baht or 35.61% and 25.06% 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 to support them. For the first 9 months of 2021 and 2022, the Company had selling promotion expenses related to sponsor agreements amounting to 44.97 Million Baht and 43.98 Million Baht respectively. In addition, the Company focuses more on online channels because of Covid-19 situation, so there were 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 the first 9 months of 2021 and 2022 were 51.50 Million Baht and 51.53 Million Baht respectively. The main were employees' salary of 30.06 Million Baht and 28.67 Million Baht respectively.

Operation performance ending 30 September 2021 - 2022

Description	Unit	As of September 2022	2021
Total Asset	Million Baht	931.12	746.56
Total Liabilities	Million Baht	649.75	571.30
Total equities	Million Baht	281.38	175.27
Total revenue	Million Baht	697.49	658.09
Cost & Expenses	Million Baht	615.08	640.06
Net profit (loss)	Million Baht	65.41	14.24
Earnings per share ^{/1}	Baht/share	0.19	1.42
Earnings per share (Fully diluted) ^{/2}	Baht/share	0.11	0.02

Description	Unit	As of September 2022	2021
Return of Asset	%	10.40	1.93
Return of equity	%	38.20	8.41
Debt to Equity Ratio	Times	2.31	3.26
Gross Profit Margin	%	45.35	45.11
Net Profit Margin	%	9.38	2.16
Dividend payout ratio	%	107.01 ^{/3}	21.92 ^{/4}

Remark:

^{/1} Calculated from paid-up capital of 100 Million Baht (10 million shares) for year 2021 and 210 Million Baht (420 million shares for year 2022 at par value THB 0.5).

^{/2} Fully diluted, Calculated from net profit divide Total after IPO at 600 million shares.

^{/3} Dividend paid in 2021 totally 3.12 Million Baht from accumulated income at the end of year 2020.

^{/4} Dividend paid in 2022 totally 70 Million Baht from accumulated income at the end of year 2021.

Financial Status

Total Asset

Total Asset as of 30 September 2022 and Year 2021 was amounting to 931.12 Million Baht and 746.56 Million Baht respectively. Current asset as of 30 September 2022 and Year 2021 was amounting to 624.27 Million Baht and 516.35 Million representing 67.04% and 69.16% of total asset respectively. The increasing as of 30 September 2022 was because the Company has more account receivable and other receivable related to the increased sales.

Account receivable of domestic for 30 September 2022 and Year 2021 was amounting to 199.04 Million Baht and 124.90 Million Baht respectively. Most of the account receivables were mainly caused from sales 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 30 September 2022 and Year 2021, the amount was 356.43 Million Baht and 341.97 Million Baht representing 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 as 30 September 2022 and Year 2021 was amounting to 57.08 Million Baht and 26.56 Million Baht representing 6.13% 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 30 September 2022 and Year 2021, total liabilities were 649.75 Million Baht and 571.30 Million Baht representing 69.78% and 76.52 % of total liabilities and shareholders' equity respectively. Current liabilities as of 30 September and Year 2021 was 571.42 Million Baht and 548.97 Million Baht representing 61.36% 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 30 September 2022 and Year 2021 was amounting to 360.76 Million Baht and 382.72 Million Baht representing 38.74% and 51.26% of total liabilities and shareholders' equity respectively

Account payables and other payable as of ending of as 30 September 2022 and Year 2021 was amounting to 166.05 Million Baht and 132.56 Million Baht representing 17.83% 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 30 September and Year 2021 was 43.39 Million Baht and 21.61 Million Baht representing 4.65% and 2.89% of total liabilities and shareholders' equity respectively.

Rental payable (included the portion maturing within 1 Year) as of 30 September 2022 and Year 2021 was amounting to 49.86 Million Baht and 21.50 Million Baht representing 5.35% and 2.88% of total liabilities and shareholders' equity respectively. Rental payable in Year 2022 increased rental agreement of Queen Sirikit National Convention Center of Warrix Run Hub.

Total equities for as 30 September 2022 to Year 2021 were 281.37 Million Baht and 175.26 Million Baht representing 30.22% and 23.48% of total liabilities and shareholders' equity respectively. Total equity increased continuously as at 30 September 2022 and Year 2021 as operating profit of the Company increased steadily every year. The Company has retained earning as at 30 September and 2021 at 70.73 Million Baht and 75.32 Million Baht respectively and increased its capital 110 Million Baht in year 2022.