

27 February 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 ending December 31,2022 that has been audited by the authorized auditor to The Stock Exchange of Thailand. The Company had net income of 128.48 million Baht, increased by 752% compared to the financial statement 2021 which had net loss of 14.2 million Baht. The major causes of changing in operation results are as following:

Unit: Million Baht

Comprehensive Income Statement	Y2022 (Consolidated)		Y2021 (Consolidated) (Amended)	
	Mil Baht	ร้อยละ	Mil Baht	ร้อยละ
Revenue				
Seles and service revenue	1,062.88	98.90	647.69	98.42
Other income	11.74	1.10	10.40	1.58
Total revenue	1,074.62	100.00	658.09	100.00
Expenses				
Cost of goods sold and service	571.10	53.14	355.49	54.02
Selling expenses	254.94	23.72	200.39	30.45
Administration Expenses	80.39	7.48	66.45	10.10
Financial cost	16.43	1.52	17.73	2.69
Total expenses	922.86	85.87	640.06	97.26
Earnings before tax	151.76	14.12	18.03	2.74
Tax Expenses	23.27	2.00	3.79	0.58
Net income	128.49	11.95	14.24	2.16
Profit from employee benefit valuation	-	-	0.92	0.14
Adjustment for exchange rate	0.14	0.01	(0.06)	(0.01)
Comprehensive Income	128.63	11.96	15.10	2.29

For the years ended 31 December 2021 and 2022, Revenue from sales and service amounting of 647.96 million Baht and 1,062.88 million Baht respectively, an increase of 414.92 million Baht, representing 64.03%, about 80% of the main income derived from the group. Non-Licensed products category, of which increased by 321.91 million Baht, representing 64.00%. Mainly due to the year 2022, with the government's policy to open the country, various activities Able to resume the event as usual Government

agencies and private sectors have a high demand for purchasing products compared to the year 2021 event budget. ordering souvenirs or uniforms that have been slowed down during COVID orders There is a return to order as usual.

For the years 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 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.

As for the licensed product, it has grown as well. The main sales came from the licensed football group due to continuous domestic football activities such as the King's Cup football match in Chiang Mai. The AFF Mitsubishi Cup is the first major football tournament in 3 years to return to Thailand. resulting in increased product sales flow from 2021

For the year end 2021 and 2022, the company reported net profit amount of 15.10 million Baht and 128.63 million Baht, respectively, a 753% profit growth y-o-y resulted from increasing of all sales channels, with reduction of cost of good sold and selling expense.

สำหรับสิ้นสุดปี 2564 มีกำไรสุทธิเท่ากับ 15.10 ล้านบาท และ ปี 2565 เท่ากับ 128.63 ล้านบาท ตามลำดับ กำไรสุทธิเพิ่มขึ้น 113.53 ล้านบาท คิดเป็นร้อยละ 752% มาจากรายได้เพิ่มขึ้นในทุกช่องทางการขาย จากสถานการณ์โควิดที่ดีขึ้น ส่งผลให้ช่องทางขายออฟไลน์กลับมามีประสิทธิภาพมากขึ้น รวมถึงการบริหารต้นทุนขายที่ดีขึ้น

Selling expenses for the years 2021 and 2022, amounting to 200.39 million Baht, 254.94 million Baht or 30.45% and 23.72% 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 sports associations in kinds of money or goods to support them. For the year 2021 and 2022, the Company had selling promotion expenses related to sponsor agreements amounting to 61.77 million Baht and 62.80 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 years 2021 and 2022 were 66.45 million Baht and 80.39 million Baht respectively. The main expense was IPO expense and employees' salary respectively.

Operation performance ending 31 December 2021 and 2022

Description	Unit	2022	2021
Total Asset	Million Baht	1,878.87	746.56
Total Liabilities	Million Baht	438.38	571.30
Total equities	Million Baht	1,440.49	175.27
Total revenue	Million Baht	1,074.62	658.09
Cost & Expenses	Million Baht	922.86	640.06
Net profit (loss)	Million Baht	128.49	14.24
Earnings per share ¹	Baht/share	0.36	0.07
Earnings per share (Fully diluted) ²	Baht/share	0.21	0.02
Return of Asset	%	6.85	1.91
Return of equity	%	8.92	8.12
Debt to Equity Ratio	Times	0.30	3.26
Gross Profit Margin	%	48.86	45.11

Description	Unit	2022	2021
Net Profit Margin	%	11.96	2.16
Dividend payout ratio	%	54.74 ^{/4}	21.92 ^{/4}

Remark:

^{/1} Calculated from paid-up capital of 100 Million Baht (10 million shares) for the year 2021 and 210 Million Baht (600 million shares for the year 2022 at par value THB 0.5).

^{/2} Fully diluted, Calculated from net profit divided 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 for the years ended 31 December 2021 and 2022 was amounting to 746.56 million Baht and 1,787.87 million Baht respectively. Current asset for the years ended 31 December 2021 and 2022 was amounting to 516.35 million baht and 1,368.66 million baht representing 69.16% and 76.55% of total asset respectively. The increasing year 2022 was because the Company has more account receivable and other receivable related to the increased sales.

Account receivable of domestic the years ended 31 December 2021 and Year 2022 was amounting to 124.90 million Baht and 311.16 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 the years ended 31 December 2021 and 2022, the amount was 341.97 million Baht and 450.65 million Baht and representing 45.81% and 23.99% of total asset respectively. The portion of inventories were high comparing to other assets as it must maintain the level of its stocks to serve for the demand of consumers. The number 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 the years ended 31 December 2021 and 2022 was amounting to 26.56 million Baht and 62.18 million Baht representing 3.56% and 3.31% of total asset respectively. Right-of-Use assets comprised selling area, warehouse, and building's right of use.

Liabilities

As of the years ended 31 December 2021 and 2022, total liabilities were 571.30 million Baht and 438.38 million Baht representing 76.52% and 23.33% of total liabilities and shareholders' equity respectively. Current liabilities as of the years ended 31 December 2021 and 2022 were 548.97 million Baht and 370.16 million Baht representing 73.53% and 19.70% 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 the years ended 31 December 2021 and 2022 was amounting to 382.72 million Baht and 0 Baht representing 51.26% and 0% of total liabilities and shareholders' equity respectively

Account payables and other payable for the years ended 31 December 2021 and 2022 was amounting to 132.56 million Baht and 330.40 million Baht representing 17.76% and 17.59% 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 31 December 2021 and 2022 was 21.61 million Baht and 20.11 Million Baht representing 2.89% and 1.07% of total liabilities and shareholders' equity respectively.

Rental payable (included the portion maturing within 1 Year) as of 31 December 2021 and 2022 was amounting to 21.50 million Baht and 55.85 million Baht representing 2.88% and 2.97% of total liabilities and shareholders' equity respectively. Rental payable in the Year 2022 increased rental agreement of Queen Sirikit National Convention Center of Warrix Run Hub.

Total equities for as of 31 December 2021 and 2022 were 175.26 million Baht and 1,440.49 Million Baht representing 23.48% and 76.67% of total liabilities and shareholders' equity respectively. Total equity increased continuously as of 31 December 2021 and 2022 as operating profit of the Company increased steadily every year. The Company has retained earning as of 31 December 2021 and 2022 at 75.32 million Baht and 133.81 Million Baht respectively and increased its capital to 200 Million Baht in the year 2022 and premium on share 1,006.60 Million Baht.
