



Ref. W-AD006/2023

February 27, 2023

Subject: Management Discussion and Analysis on operating result for the year then ended 31 December 2022

To: Managing Director of Stock Exchange of Thailand

Wow Factor Public Company Limited would like to report the variance in operating result for the year ended 31 December 2022 compared with the same period of year 2021 as follows:

**Operating Results for the year**

Unit : Million Baht

Performances (Statement of Profit and Loss)	2022	2021	Change	
			Increase (Decrease)	
Revenue from Sales	344	254	90	35%
Cost of Goods Sold	(172)	(127)	45	35%
<b>Gross Profit</b>	172	127	45	35%
Other Incomes	3	9	(6)	(67%)
Selling and Administration Expenses	(273)	(227)	46	20%
Loss from Disposal Investment in Subsidiaries	(101)	-	101	100%
Loss from Impairment Goodwill	(81)	-	81	100%
<b>Loss before Finance Cost</b>	(280)	(91)	189	208%
Finance Cost	(56)	(14)	42	300%
<b>Loss before Income Tax</b>	(336)	(105)	231	220%
Income Tax Revenue	5	5	-	-
<b>Net Loss from Continued Operation</b>	(331)	(100)	231	231%
<b>Loss from Discontinued Operation</b>	(245)	(176)	69	39%
<b>Net Loss for the Year</b>	(576)	(276)	300	109%

The consolidated net loss for the year ended 31 December 2022 and 2021 were Baht 576 million and Baht 276 million, respectively. The operating loss increased from the prior year about approximately Baht 300 million or approximately increased 109%. of operating profit for year 2021. The Company would like to clarify the significant change in operating performance as below.



#### ■ Revenue from Sales

Revenue from sales of company and its subsidiaries for the year 2022 increased from the same period of 2021 by approximately about Baht 90 million or 35%. The major increase came from expanding new restaurants which reflected increasing in sale volume. The company is expected to have future growth in sale volume because the company have had a plan to expand new restaurants in next years.

#### ■ Gross Profit

Increasing in gross profit increased by approximately about Baht 45 million or 35% came from expanding new restaurants in 2022.

#### ■ Loss from Disposal Investment in Subsidiaries and Discontinued Operations

A structure of investments has been significantly changed in 2022 by selling 2 subsidiaries (Domino Asia Pacific Co., Ltd and DK Wow Venture Co., Ltd) and disposal of baking operating segment (La Lune Brand). From these results, performance reflected to loss from disposal of investment in amount of approximately about Baht 101 million and loss from discontinued operation approximately about Baht 245 million. The company expect to get better operating results and cash flow in the future from these decisions.

#### ■ Finance Cost

Finance cost increased from the same period of 2021 approximately about Baht 42 million because the need of funds to support operating in the company which reflected in higher finance cost at the same time.

### **Financial Position**

#### ■ Assets

Total assets significantly decreased from the previous year because of selling investment in subsidiaries and disposal baking operating segment. Furthermore, the company considered to recorded provision about impairment in goodwill of Bath 81 million which also reflected in decreasing of total assets in 2022.

■ **Liabilities**

Total liabilities also decreased in amounting of Baht 50 million from selling 2 subsidiaries. In contrast, the company still need funds from third parties to support operation in 2022.

■ **Shareholders' Equity**

Shareholders' equity of the company and its subsidiaries significantly decreased approximately Baht 571 million from the end of year 2021. The major result came from loss from selling investment in subsidiaries.

**Key Financial Ratios**

Financial Ratios	31 December 2022	31 December 2021
1. Return on Assets (%)	(83%)	(21%)
2. Current Ratio (Times)	0.12	0.22
3. Debt to Equity Ratio (Times)	5.79	0.96
4. Interest Bearing Debts Ratio (Times)	4.62	0.65

■ **Return on Assets (ROA)**

The company performed substantially worse in return on assets at the end of 2022 compared with the end of 2021 because the company reported a lot of net loss from operation for the year 2022 while decreasing in level of assets utilization.

■ **Current Ratio**

The company provided less liquidity of working capital in the end of 2022 than at the end of 2021 because increasing in short-term loans to support operation during 2022.

■ **Debt to Equity Ratio**

The company obviously stated a higher level of debt to equity ratio at the end of 2022 than at the end of previous year because of decreasing in shareholders' equity which reflected from operating loss in 2022.

■ **Interest Bearing Debt to Equity Ratio**

The company had a worse interest bearing debt to equity ratio at the end of 2022 due to decreasing in shareholders' equity which reflected from operating loss in 2022. Moreover, the company still need more funds from third parties in 2022.



## Cash Flow

Cash flow of the company and its subsidiaries for the year of 2022 had a net decrease of Baht 12 million while the previous year reported a net decrease of Baht 15 million.

Unit : Million Baht

Year	Cash Flow			Increase (Decrease)
	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	
2022	(152)	138	2	(12)
2021	(139)	(73)	197	(15)

Net cash flow from operations for the year of 2022 was net cash outflow in the amount of Baht 152 million because payment in operating activities and finance costs.

Cash flow from investments activities in the year of 2022 was net cash inflow of approximately Baht 138 million from selling the subsidiaries.

Cash flow from financing activities in the year of 2022 was net cash inflow of approximately Baht 2 million occurred by funding loans from third parties.

Best regards,

(Miss Saowanee Khaubol)

CEO (Acting) / Director