



บริษัท ริช สปอร์ต จำกัด (มหาชน)

RICH SPORT PUBLIC COMPANY LIMITED

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9 August 2023

Subject: Management's Discussion and Analysis
for the three-month period ended 30 June 2023

Attention: President
The Stock Exchange of Thailand

Rich Sport Public Company Limited ("the Company") would like to clarify the operating results of the Company and its subsidiaries for the three-month period ended 30 June 2023 as follows:-

Summary of consolidated income statement for the three-month period ended 30 June 2023

Unit : Million Baht

| | Q2 | | | For the year ended 30 June | | |
|---|--------------|--------------|---------------|----------------------------|--------------|--------------|
| | 2023 | 2022 | Change | 2023 | 2022 | Change |
| Revenue from sales | 352.7 | 300.8 | 17.3% | 733.5 | 567.7 | 29.2% |
| Other income | 33.9 | 3.5 | 869.7% | 43.6 | 5.9 | 639.0% |
| Total revenues | 386.6 | 304.3 | 27.1% | 777.1 | 573.6 | 35.5% |
| Cost of sales | 141.9 | 135.9 | 4.4% | 313.2 | 260.2 | 20.4% |
| Selling and administrative expenses | 184.2 | 133.5 | 38.0% | 352.8 | 250.2 | 41.0% |
| Loss (Gain) on disposal and change in value of other current financial assets | 45.3 | 15.2 | 198.0% | 27.0 | (5.3) | -609.4% |
| Profit (loss) before finance costs and income tax expense | 15.2 | 19.7 | -22.6% | 84.1 | 68.5 | 22.8% |
| Finance costs | 2.7 | 1.9 | 42.1% | 5.0 | 3.7 | 35.1% |
| Tax expense (income) | 5.8 | 3.5 | 65.7% | 17.3 | 13.4 | 29.1% |
| Profit (loss) for the period | 6.7 | 14.3 | -52.9% | 61.8 | 51.4 | 20.2% |

Operating result for the three-month period ended 30 June 2023

The Thai economy expand from private consumption and tourism sector. Nevertheless, consumer still concerned about the impact of political uncertainty after election regarding the delay in the formation of a new government and the export sector was constructed.

The Company had total revenue from sales in 2Q23 of Baht 352.7 million, 17.3% increased from the same period of last year. Total other income is Baht 33.9 million, increased 869.7% from the same period of last year. This is due to the Company received the credit note amount of Baht 32.5 million which occurred during COVID-19 situation in the year 2021.

The Company's consolidated gross profit is Baht 210.8 million, 27.8% increased from the same period last year. An improvement in Gross Profit Margin from 54.8% to 59.8% was resulted from better management of cost and sales promotion.

Selling and administrative (SG&A) expenses equaled to Baht 184.2 million, 38.0% increase from the same period last year. An increase in SG&A expenses was mainly resulted from the returning to the normal course of business which included in personnel, distribution area, marketing, and other expenses. However, the Company has continued to control these expenses to ensure that it aligns with revenue.

The Company recognized loss on change in fair value of other current financial assets equaled to Baht 45.3 million due to significant decrease in price of securities due to the impact from economic recession in the U.S. and Europe, FED has raised interest rate and Thai political uncertainty situation.

The Company's total net profit is Baht 6.7 million with net profit margin of 1.9%.

Operating result for the six-month period ended 30 June 2023

The Company's revenue from sales of the first half of the year 2023 is Baht 733.5 million, increased 29.2% from the same period last year.

Other income is Baht 43.6 million, increased 639.0% from the same period last year. This is due to the Company received the credit note amount of Baht 32.5 million which occurred during COVID-19 situation in the year 2021.

The Company's consolidated gross profit is Baht 420.3 million, increase of Baht 112.8 million compared to the same period last year. The percentage of gross profit margin increased from 54.2% to 57.3%, which was resulted from better management of cost and sales promotion by the Company.

Selling and administrative (SG&A) expenses equaled to Baht 352.8 million, increased 41.0% from the same period last year. The proportion of SG&A expenses to total revenue from sales is 48.1%. The increase of SG&A expenses is mainly resulted from the normalized personnel expenses, distribution area, marketing and other expenses. However, the Company has continued to control these expenses to ensure that it aligns with revenue.

The Company recognized loss from disposals and gain on change in fair value of other current financial assets equaled to Baht 27.0 million.

The Company's total net profit is Baht 61.8 million and the net profit margin is 8.4%.

Summary of consolidated statement of financial position as at 30 June 2023

Unit : Million Baht

| | 30 June 2023 | 31 December 2022 | Change |
|---|----------------|------------------|--------------|
| Cash and cash equivalents | 411.3 | 366.5 | 12.2% |
| Other current financial assets | 519.7 | 748.3 | -30.5% |
| Trade and other receivables | 138.1 | 155.9 | -11.4% |
| Inventories | 398.2 | 347.2 | 14.7% |
| Other current assets | 135.9 | 123.8 | 9.8% |
| Other non-current financial assets | 37.0 | 37.0 | 0.0% |
| Property, plant and equipments | 178.4 | 164.3 | 8.6% |
| Right-of-use assets | 231.9 | 207.8 | 11.6% |
| Other non-current assets | 80.1 | 76.2 | 5.1% |
| Total assets | 2,130.6 | 2,227.0 | -4.3% |
| Trade and other payables | 122.4 | 168.1 | -27.2% |
| Accrued income tax | 17.6 | 13.9 | 26.6% |
| Other current liabilities | 4.0 | 2.8 | 42.9% |
| Lease liabilities | 242.3 | 216.4 | 12.0% |
| Other non-current liabilities | 42.1 | 39.5 | 6.6% |
| Total liabilities | 428.4 | 440.7 | -2.8% |
| Total shareholders' equity | 1,702.2 | 1,786.3 | -4.7% |
| Total liabilities and shareholders' equity | 2,130.6 | 2,227.0 | -4.3% |

The Company's total assets is Baht 2,130.6 million, decreased 4.3% from the end of 2022. This is mainly from increase in cash and cash equivalents, inventories, other current assets, property, plant and equipment, right of use assets, other non-current assets and decrease in other current financial assets and trade and other receivables.

Total liabilities is Baht 428.4 million, decreased 2.8% from the end of 2022. This was mainly from increase in accrued income tax, other current liabilities, lease liabilities, other non-current liabilities and decrease in trade and other payables.

Total shareholders' equity is Baht 1,702.2 million, slightly decreased 4.7% from the end of 2022, due to dividend paid.

Cash flow for the six-month period ended 30 June 2023

Net cash flows receiving from operating activities is Baht 50.6 million, resulted mainly from the Company's operating results. Net cash flows receiving from investing activities is Baht 173.2 million, resulted mainly from cash received from short-term fixed deposit due, cash received from dividend and equipment and intangible assets purchase. Net cash flows using from financing activities is Baht 180.6 million, this is mainly from dividend paid and paid for lease liabilities principles and interest.

Please be informed accordingly.



Sincerely yours,

Papitch Wongpaitoonpiya
Chief Executive Officer