

WR/SET/0014/2023

November 14, 2023

Subject: Management Discussion and Analysis for the three-month period ended September 30, 2023

To: The President  
The Stock Exchange of Thailand

Warrix Sport Public Company Limited (“the Company”) would like to submit these Management Discussion and Analysis of the Company’s operation for the three-month period ended September 30, 2023 with details as follows:

#### Performance Overview

For the third quarter of 2023 (“3Q23”), Warrix Sport Public Company Limited generated revenue from sales and services of THB 325.44 million, which increased by THB 30.50 million or 10.34% YoY compared to 3Q22 due to increased sales of Non-Licensed products in major sale channels. The Company had effective cost control, resulting in 3.48% decrease in % cost of sales and services to revenues compared to 3Q22. In addition, the Company had decreased finance costs, increasing Earnings Before Tax (EBT) amount of THB 0.55 million YoY. However, selling and administrative expenses increased due to employee-related expenses, rental expenses for Warrix Run Hub and Warrix Lifestyle that delayed opening, which is currently fully opening in 3Q23. In addition, variable selling expenses increase in line with increased sales, such as promotional costs through Modern Trade channels and cost of selling products on E-Market Place. The Company had net profit of THB 40.33 million in 3Q23, slightly decreased by THB 0.24 million or 0.58% YoY.

According to the Company's separate financial statements, its net profit was THB 44.80 million, increased by THB 3.44 million or 8.32% YoY. But considering the consolidated financial statements, as a result of the loss of a subsidiary in Singapore, the Company's net profit for 3Q23 slightly declined by THB 0.24 million YoY. Its major revenues proportion coming from European football club shirts but there is less stock than rising demands in this year. Therefore, the Company started selling Warrix's products in Singapore and sales continuously increased each quarter. The company has increased the proportion of sales of Warrix products, which have a high gross profit margin, in the second half of 2023, focusing on marketing to corporate, sports clubs, including sales channels in stores and online.

For the first nine months of 2023 (“9M23”), the Company generated revenue from sales and services of THB 831.36 million, increased by THB 141.30 million or 20.48% YoY. This change was mainly due to increased sales of Licensed and Non-Licensed products in all sale channels. Resulting from corporate customer continue to place

orders. Moreover, the Company expanded sale channel, Point of Sale (POS), staff team, and marketing campaign to reach more customers. The Company also had effective cost control, resulting in 2.22% decrease in % cost of sales and services to revenues. However, selling and administrative expenses increased due to recruitment expenses (headhunter), including donation to the Football Association for the Thai national team that won the AFF Mitsubishi Cup, which is one-time expenses in 1Q23. In addition, the Company had an increase in the number of employees to support the Company's long-term growth. As a result, in 9M23 the Company had net profit of THB 72.36 million, increased by THB 6.95 million or 10.62% YoY compared to THB 65.41 million in 9M22.

**Separate financial statements for the three-month and nine-month period ended September 30, 2023**

Statement of Comprehensive Income	3Q23		3Q22		Chg. (YoY)		9M23		9M22		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	THB million	%	THB million	%	THB million
Revenue from sales and services	316.75	100.00%	294.94	100.00%	21.81	7.40%	821.16	100.00%	689.39	100.00%	131.78	19.11%
Cost of goods sold and services	160.04	50.53%	160.28	54.34%	(0.24)	(0.15%)	426.95	51.99%	376.58	54.63%	50.37	13.38%
Gross Profit	156.71	49.47%	134.66	45.66%	22.05	16.37%	394.21	48.01%	312.81	45.37%	81.41	26.02%
Gain from a bargain purchase	-	-	-	-	-	-	2.09	0.25%	-	-	2.09	100.00%
Other income	3.67	1.16%	3.68	1.25%	(0.01)	(0.25%)	17.11	2.08%	7.25	1.05%	9.86	135.90%
Earnings before expenses	160.38	50.63%	138.34	46.91%	22.04	15.93%	413.41	50.34%	320.06	46.43%	93.35	29.17%
Selling Expenses	78.80	24.88%	62.91	21.33%	15.89	25.25%	225.17	27.42%	173.89	25.22%	51.28	29.49%
Administrative Expenses	23.51	7.42%	19.53	6.62%	3.97	20.35%	73.43	8.94%	50.30	7.30%	23.13	45.99%
Total Expenses	102.31	32.30%	82.45	27.95%	19.86	24.09%	298.60	36.36%	224.18	32.52%	74.42	33.19%
Earnings before interest and tax	58.08	18.33%	55.90	18.95%	2.18	3.90%	114.81	13.98%	95.87	13.91%	18.93	19.75%
Finance Costs	2.00	0.63%	4.15	1.41%	(2.16)	(51.97%)	6.18	0.75%	11.66	1.69%	(5.48)	(47.02%)
Earnings before tax	56.08	17.70%	51.74	17.54%	4.34	8.38%	108.63	13.23%	84.21	12.22%	24.42	28.99%
Tax Expenses	11.28	3.56%	10.39	3.52%	0.89	8.61%	20.91	2.55%	16.98	2.46%	3.93	23.15%
Net Profit (Loss)	44.80	14.14%	41.36	14.02%	3.44	8.32%	87.72	10.68%	67.23	9.75%	20.49	30.47%

Consolidated financial statements for the three-month and nine-month period ended September 30, 2023

รายการ	3Q23		3Q22		Chg. (YoY)		9M23		9M22		Chg. (YoY)	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
Revenue from sales and services	325.44	100.00%	294.94	100.00%	30.50	10.34%	831.36	100.00%	690.06	100.00%	141.30	20.48%
Cost of goods sold and services	165.81	50.95%	160.52	54.42%	5.28	3.29%	435.84	52.42%	377.11	54.65%	58.73	15.57%
<b>Gross Profit</b>	<b>159.64</b>	<b>49.05%</b>	<b>134.42</b>	<b>45.58%</b>	<b>25.22</b>	<b>18.76%</b>	<b>395.52</b>	<b>47.58%</b>	<b>312.95</b>	<b>45.35%</b>	<b>82.58</b>	<b>26.39%</b>
Gain from a bargain purchase	-	-	-	-	-	-	2.09	0.25%	-	-	2.09	100.00%
Other income	3.66	1.12%	3.74	1.27%	(0.08)	(2.18%)	17.22	2.07%	7.43	1.08%	9.79	131.81%
<b>Earnings before expenses</b>	<b>163.30</b>	<b>50.18%</b>	<b>138.16</b>	<b>46.84%</b>	<b>25.13</b>	<b>18.19%</b>	<b>414.83</b>	<b>49.90%</b>	<b>320.37</b>	<b>46.43%</b>	<b>94.45</b>	<b>29.48%</b>
Selling Expenses	82.09	25.22%	62.98	21.35%	19.11	30.34%	231.88	27.89%	174.77	25.33%	57.10	32.67%
Administrative Expenses	27.56	8.47%	20.08	6.81%	7.48	37.24%	83.76	10.07%	51.52	7.47%	32.24	62.57%
<b>Total Expenses</b>	<b>109.65</b>	<b>33.69%</b>	<b>83.06</b>	<b>28.16%</b>	<b>26.59</b>	<b>32.01%</b>	<b>315.64</b>	<b>37.97%</b>	<b>226.30</b>	<b>32.79%</b>	<b>89.34</b>	<b>39.48%</b>
<b>Earnings before interest and tax</b>	<b>53.65</b>	<b>16.48%</b>	<b>55.10</b>	<b>18.68%</b>	<b>(1.45)</b>	<b>(2.64%)</b>	<b>99.19</b>	<b>11.93%</b>	<b>94.08</b>	<b>13.63%</b>	<b>5.11</b>	<b>5.44%</b>
Finance Costs	2.15	0.66%	4.15	1.41%	(2.01)	(48.34%)	6.61	0.80%	11.66	1.69%	(5.05)	(43.28%)
<b>Earnings before tax</b>	<b>51.50</b>	<b>15.82%</b>	<b>50.95</b>	<b>17.27%</b>	<b>0.55</b>	<b>1.09%</b>	<b>92.58</b>	<b>11.14%</b>	<b>82.41</b>	<b>11.94%</b>	<b>10.16</b>	<b>12.33%</b>
Tax Expenses	11.17	3.43%	10.38	3.52%	0.79	7.60%	20.21	2.43%	17.00	2.46%	3.21	18.90%
<b>Net Profit (Loss)</b>	<b>40.33</b>	<b>12.39%</b>	<b>40.57</b>	<b>13.75%</b>	<b>(0.24)</b>	<b>(0.58%)</b>	<b>72.36</b>	<b>8.70%</b>	<b>65.41</b>	<b>9.48%</b>	<b>6.95</b>	<b>10.62%</b>
Loss of currency translation differences	0.90	0.28%	0.72	0.24%	0.18	25.33%	2.04	0.25%	0.70	0.10%	1.35	193.96%
<b>Total comprehensive income for the year</b>	<b>41.23</b>	<b>12.67%</b>	<b>41.28</b>	<b>14.00%</b>	<b>(0.05)</b>	<b>(0.13%)</b>	<b>74.41</b>	<b>8.95%</b>	<b>66.11</b>	<b>9.58%</b>	<b>8.30</b>	<b>12.55%</b>

Revenue from core operation

In 3Q23, the Company generated revenue from sales and services of THB 325.44 million, increased by THB 30.50 million or 10.34% YoY mainly due to increased sales of Non-Licensed product categories, which are Made to Order, Classic, and Collection in major sale channels, such as:

- Project base: corporate customer continue to place orders.
- Modern Trade: increased Point of Sale (POS) and consignment resulting in more sales channel compared to 2022.
- Online Channel: launched marketing campaign on every Market Place and expand sale channel via TikTok to engage new customers.
- Shop: opened 2 new shops, such as Warrix Run Hub and Warrix Lifestyle, which opened in 2023 and growing revenue in the third quarter.

Retail: due to more events and sport competitions than during the same period last year.

In 9M23, the Company had revenue from sales and services of THB 831.36 million, increased by THB 141.30 million or 20.48% YoY. The growth of revenues derived from an increase in sales of Licensed and Non-Licensed

products. Non-Licensed products are account for more than 80% of total revenue from sales and services, which can continuously generate income for the Company in all sales channels.

### Selling Expenses

In 3Q23, The Company had selling expenses of THB 82.09 million. An increase of THB 19.11 million or 30.34% YoY, mainly due to increased rental expenses for Queen Sirikit National Convention Center (QSNCC), which is a shop and sports science center “Warrix Run Hub”. In addition, “Warrix Lifestyle” at Siam Square, which is opened in late July 2023 and is the flagship store that focuses on Active & Lifestyle products for everyday wear. According to the Company's business direction to generate more sales from new product segments. As a result, rental expenses increased in 3Q23 while gradually generating a revenue stream. In this regard, the overall selling expenses increased in line with an increased sale, such as promotional costs through Modern Trade channels, the cost of selling products on E-Market Place, including sales and marketing team expansion to drive revenues growth in the future.

For 9M23, The Company had selling expenses of THB 231.88 million. An increase of THB 57.10 million or 32.67% YoY, mainly due to an increase in selling expenses as follows:

- Rental expenses for Warrix Run Hub at Queen Sirikit National Convention Center (QSNCC), which opened in the middle of second quarter. In addition, rental expenses for Warrix Lifestyle at Siam Square, which opened in the third quarter of 2023. As a result, rental expenses increased while gradually generating a revenue stream.
- Expense for organizing the Buriram Marathon 2023, which is a big annual running event. In order to reach the main customer groups and able to build brand awareness in the long term. By the way, this expense is a one-time expense in 1Q23.

In this regard, the overall selling expenses increased in line with an increased sale, such as, promotional costs through Modern Trade channels, the cost of selling products on E-Market Place, including sales and marketing team expansion to drive revenues growth and to prepare for Warrix Run Hub and Warrix Lifestyle opening, and other sales channel expansion.

### Administrative Expenses

In 3Q23, The Company had administrative expenses of THB 27.56 million. An increase of THB 7.48 million or 37.24% YoY mainly due to an increase in employee-related expenses according to the increasing number of employees to support the organization restructuring and business expansion.

For 9M23, The Company had administrative expenses of THB 83.76 million. An increase of THB 32.24 million or 62.57% YoY mainly due to increased expenses as follows:

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- Recruitment expenses (headhunters) which increased in the first half of 2023 but significantly decline in the second half according to the Company's plan.
  - Employee-related expenses due to the increasing number of employees both the executive level and staff level to support the organization restructuring and business expansion.
  - Donation to the Football Association for the Thai national team that won the AFF Mitsubishi Cup which is held every two years. However, this expense is one-time expense in 1Q23.

#### **Finance Costs**

In 3Q23, the Company had finance costs of THB 2.15 million, which declined by THB 2.01 million or 48.34% YoY. This change was mainly because of loan repayment by proceeds from the initial public offering (IPO), resulting in decreased interest on loans from financial institutions. Therefore, for 9M23, the Company had finance costs of THB 6.61 million, declined by THB 5.05 million or 43.28% YoY.

#### **Net profit**

In 3Q23, the Company had net profit of THB 40.33 million, slightly decreased by THB 0.24 million or 0.58% YoY. This change was mainly due to increased selling and administrative expenses, according to the expansion of the team, business expansion in oversea, and restructuring of the organization to support the Company's long-term growth.

For 9M23, the Company had net profit of THB 72.36 million, increased by THB 6.95 million or 10.62% YoY. This change was attributed to sales growth with effective control of cost of sales and services, resulting in a decrease in % cost of sales and services to revenues. In addition, the Company had decreased finance costs.

**Statement of Financial Position ended September 30, 2022 and December 31, 2022 and  
Operating Performance for September 30, 2022 and 2023**

Description	Unit	30 September 2023	30 September 2022
Total Assets	THB million	1,735.67	1,878.87
Total Liabilities	THB million	334.77	438.38
Total Equity	THB million	1,400.90	1,440.49
Debt to Equity Ratio (D/E)	Times	0.24	0.30
Dividend Payout Ratio	%	88.72 <sup>1/</sup>	54.74 <sup>2/</sup>

Description	Unit	9M23	9M22
Total Revenues	THB million	850.66	697.48
Total Expenses	THB million	758.09	615.07
Net Profit (Loss)	THB million	72.36	65.41
Earnings Per Share (Fully Diluted) <sup>2/</sup>	Baht/Share	0.12	0.11
Gross Profit Margin	%	49.05	45.35
Net Profit Margin	%	12.39	9.48
Return on Asset (ROA)	%	13.00	17.40
Return on Equity (ROE)	%	16.10	48.32

**Remark:**

<sup>1/</sup> Dividend paid in 2023 totally THB 114.00 million from accumulated net income at the end of year 2022

<sup>2/</sup> Dividend paid in 2022 totally THB 70.00 million from accumulated net income at the end of year 2021

<sup>3/</sup> Earnings Per Share (Fully diluted) is calculated by dividing net profit by total number of shares after initial public offering (IPO) of 600,000,000 shares.

**Total Assets**

Total assets for September 30, 2023 was amounting THB 1,735.67 million, decreased by THB 143.20 million or 7.62% YTD with the main reasons as follows:

- The decrease in cash and cash equivalents due to using as working capital, repaying loans with financial institutions, acquiring Premier Football and Fit Junction during 1Q23, and dividend payment in 2Q23.
- The decrease in trade and other current receivables due to collection of outstanding receivables.

**Total Liabilities**

Total Liabilities for September 30, 2023 was amounting THB 334.77 million, decreased by THB 103.61 million or 23.63% YTD. This change was mainly due to payment for suppliers, resulting in a decrease in trade and other current payables.



Total Equity

Total Equity for September 30, 2023 was amounting THB 1,400.90 million, decreased by THB 39.59 million or 2.75% YTD. This change was attributable to dividend paid from retained earnings of THB 114.00 million in 2Q23.

Please be inform accordingly,

Sincerely yours,

*- Wisan Wanasuksrisakul -*

(Mr. Wisan Wanasuksrisakul)

Chief Executive Officer

Warrix Sport Public Company Limited